



OptiBiotix Health Plc
INTERIM RESULTS FOR THE 6 MONTHS
ENDED 31 MAY 2015

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



Chairman's and Chief Executive Statement

For six months to 31 May 2015



We are pleased to present OptiBiotix Health plc's interim results for the six month period ended 31 May 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 companies.

KEY ACHIEVEMENTS

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

- The appointment of Jim Laird as Commercial Director to the Board to increase commercial capacity and capability
- The completion of preclinical studies and ethics approval received to enable human clinical studies to begin for the Company's cholesterol lowering product
- Expansion of the OptiBiotic® platform to a wider range of microbial species broadening the number of product and partner opportunities
- The filing of four new patents
- Creating a joint venture with Nizo Food Research to develop, manufacture and distribute weight management yoghurts to global markets

Since the end of the period under review:

- Announcement of an option agreement with a multinational consumer goods company for the cholesterol lowering product
- Strategic alliance with Venture Life
- Agreement with Spanish National Research Council
- Completion of human studies

RESULTS

OptiBiotix's results for the six months ended 30 May 2015 are set out in the Consolidated Statement of Comprehensive Income. Administrative expenses were £514,431 which reflects the costs of operating a public company and includes the non-cash accounting adjustment of £127,728 share option expense charge. Cashflow remains tightly controlled with a focus on building shareholder value through investment in R&D and IP. The Group's cash position is £2.47m which is sufficient to fund its existing research and development programmes.

BOARD AND MANAGEMENT

During the period we have sought to strengthen the Board through the appointment of Jim Laird. The Board is benefiting greatly from his sector expertise.

OPERATIONAL REVIEW AND OUTLOOK

The last six months has seen increased industry, media, and investor interest in the microbiome with a number of news items on the radio, television and national newspapers. This has been fuelled by the growing number of research publications showing the potential of the human microbiome to prevent and treat a wide range of diseases. As awareness of the health potential of the human microbiome grows, we anticipate further media, industry and investor interest in companies in this field.

OptiBiotix has a number of exciting development programmes designed to create commercial products with an established scientific evidence base and proof of human efficacy.

Our cholesterol product is in human studies designed to establish product safety, consumer compliance and the extent of its cholesterol lowering potential in this group of volunteers is now complete. We anticipate reporting on this in September 2015 as originally planned.

We have derisked a number of the technical challenges in our sugar development programme and identified the potential to produce novel sugars in a wider range of species than initially anticipated. This has led to a number of new patent filings which adds to our 'toolbox' of approaches to manage weight gain. We anticipate further additions to this 'toolbox' in the coming year. During the development process we have improved the ability of the OptiBiotic® discovery platform to predict the likelihood of microbial strains producing new sugars with novel structures. This creates the ability to screen a greater range of species and strains with the same resources. The Board believes these advances broaden the range of application, product and partnering opportunities, and make a significant contribution to building shareholder value and a sustainable business.

As our development programmes progress towards commercialisation, we anticipate increasing partner interest. We will work with our advisors to enhance awareness of OptiBiotix and share news with prospective and existing investors.

In the last six months we have added to our existing IP portfolio and anticipate filing further patents and registering additional microbial strains 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.

Chairman's and Chief Executive Statement (continued)

For six months to 31 May 2015

The Company will continue to leverage its existing relationships and develop new relationships with research, development, and industry partners to support the commercialisation of our technology and products. This activity will be greatly enhanced by the commercial and corporate expertise of Jim Laird, who joined us in March 2015 from Premier Foods. In the last six months we have made good commercial progress securing a joint venture agreement with Nizo for the weight management product and an option agreement with a global corporate partner for our cholesterol product. Discussions with partners suggest there is growing interest in the microbiome and we anticipate further announcements in the coming year.

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 good progress in the last six 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. At OptiBiotix we believe that better science equals better health and with your continued support we will strive to ensure this becomes a reality.

D Evans and S P O'Hara

26 August 2015

Consolidated Statement of Comprehensive Income

For six months to 31 May 2015

| | | 6 months to 31 May 2015 Unaudited £ | 6 months to 31 May 2014 Unaudited £ | Year to 30 November 2014 Audited £ |
|--|--------------|--|--|--|
| Continuing Operations | Notes | | | |
| Administrative expenses | | (514,431) | (57,643) | (489,015) |
| Operating loss | | (514,431) | (57,643) | (489,015) |
| Non-Operating Items | | | | |
| Admission expenses | | – | – | (365,038) |
| | | (514,431) | (57,643) | (854,053) |
| Finance income/(costs) | | 7 | – | 93 |
| Loss before Income tax | | (514,424) | (57,643) | (853,960) |
| Income tax | | – | – | 43,254 |
| Loss for the period | | (514,424) | (57,643) | (810,706) |
| Total comprehensive income for the period | | (514,424) | (57,643) | (810,706) |
| Total comprehensive income attributable to the owners of the company | | (514,424) | (57,643) | (810,706) |
| Loss per share | | | | |
| Basic & Diluted loss per share – pence | 4 | 0.708p | 1.144p | 3.03p |

Consolidated Statement of Financial Position

For six months to 31 May 2015

| | | As at 31 May 2015 Unaudited £ | As at 31 May 2014 Unaudited £ | As at 30 November 2014 Audited £ |
|-------------------------------------|--------------|--|--|---|
| ASSETS | Notes | | | |
| Non-current assets | | | | |
| Intangibles | | 2,259,369 | – | 2,259,369 |
| Property, plant & equipment | | 2,473 | – | 855 |
| | | 2,261,841 | – | 2,260,224 |
| CURRENT ASSETS | | | | |
| Trade and other receivables | | 28,595 | 10,034 | 4,651 |
| Current tax asset | | 94,107 | – | 43,254 |
| Cash and cash equivalents | | 2,470,577 | 105,221 | 2,870,442 |
| | | 2,593,279 | 115,255 | 2,918,347 |
| TOTAL ASSETS | | 4,855,121 | 115,255 | 5,178,571 |
| EQUITY | | | | |
| Shareholders' Equity | | | | |
| Called up share capital | 5 | 7,100,284 | 5,742,586 | 7,078,346 |
| Share premium | | 3,812,596 | 1,355,502 | 3,746,781 |
| Share based payment reserve | | 218,698 | 27,200 | 90,970 |
| Merger relief reserve | | 1,500,000 | – | 1,500,000 |
| Accumulated deficit | | (8,281,437) | (7,013,950) | (7,767,013) |
| Total Equity | | 4,350,141 | 111,338 | 4,649,084 |
| LIABILITIES | | | | |
| Current liabilities | | | | |
| Trade and other payables | | 53,106 | 3,917 | 77,613 |
| | | 53,106 | 3,917 | 77,613 |
| Non – current liabilities | | | | |
| Deferred tax | | 451,874 | – | 451,874 |
| | | 451,874 | – | 451,874 |
| TOTAL LIABILITIES | | 504,980 | 3,917 | 529,487 |
| TOTAL EQUITY AND LIABILITIES | | 4,855,121 | 115,255 | 5,178,571 |

Consolidated Statement of Changes in Equity

For six months to 31 May 2015

| | Called up Share capital £ | Share Premium £ | Share- based Payment reserve £ | Merger Relief Reserve £ | Accu- mulated deficit £ | Total Equity £ |
|--|---------------------------------|-----------------------|--|----------------------------------|----------------------------------|----------------------|
| Balance at 30 November 2013 | 5,722,248 | 1,302,811 | 27,200 | — | (6,956,307) | 95,952 |
| Loss for the period | — | — | — | — | (57,643) | (57,643) |
| Issue of ordinary shares | | | | | | |
| Less issue costs | 20,338 | 52,691 | — | — | — | 73,029 |
| Balance at 31 May 2014 | 5,742,586 | 1,355,502 | 27,200 | — | (7,013,950) | 111,338 |
| Loss for the period | — | — | — | — | (753,063) | (753,063) |
| Issue of consideration shares to acquire subsidiary | 500,000 | — | — | 1,500,000 | — | 2,000,000 |
| Issues of shares | 825,229 | 2,484,009 | — | — | — | 3,309,238 |
| Share issue expenses | — | (124,323) | — | — | — | (124,323) |
| Exercise of warrants | 10,531 | 31,593 | — | — | — | 42,124 |
| Grant of share options and warrants | — | — | 63,770 | — | — | 63,770 |
| Balance at 30 November 2014 | 7,078,346 | 3,746,781 | 90,970 | 1,500,000 | (7,767,013) | 4,649,084 |
| Loss before period | — | — | — | — | (514,424) | (514,424) |
| Issue shares during the period | 21,938 | 65,815 | — | — | — | 87,753 |
| Share based payment | — | — | 127,728 | — | — | 117,727 |
| Balance at 31 May 2015 | 7,100,284 | 3,812,596 | 218,698 | 1,500,000 | (8,281,437) | 4,350,141 |

Consolidated Statement of Cash Flows

For six months to 31 May 2015

| | Notes | 6 months to 31 May 2015 Unaudited £ | 6 months to 31 May 2014 Unaudited £ | Year to 30 November 2014 Audited £ |
|---|-------|--|--|--|
| Reconciliation of loss before income tax to cash outflow from operations | | | | |
| Operating loss | | (565,284) | (57,643) | (854,053) |
| (Increase)/decrease in trade and other receivables | | (23,944) | 291,233 | 296,616 |
| Decrease in trade and other payables | | (24,507) | (201,548) | (212,913) |
| Share Option expense | | 127,728 | – | 63,770 |
| Depreciation | | 347 | – | 244 |
| Net cash outflow from operations | | (485,660) | 32,042 | (706,336) |
| Interest paid | | – | – | – |
| Interest received | | 7 | – | 93 |
| Net cash outflow from operating activities | | (485,653) | 32,042 | (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 (outflow)/inflow from investing activities | | (1,965) | – | 250,735 |
| Cash flows from financing activities | | | | |
| Share issues | | 87,753 | 73,029 | 3,300,068 |
| Net cash inflow from financing activities | | 87,753 | 73,029 | 3,300,068 |
| Taxation | | – | – | 25,732 |
| Increase/(decrease) in cash and equivalents | | (399,865) | 105,071 | 2,870,292 |
| Cash and cash equivalents at beginning of year | | 2,870,442 | 150 | 150 |
| Cash and cash equivalents at end of year | | 2,470,577 | 105,221 | 2,870,442 |

Notes to the Interim Financial Statements

For six months to 31 May 2015

1. General Information

Optibiotix Health Plc is a company incorporated and domiciled in England and Wales. The company's offices are in York. The company is listed on the AIM market of the London Stock Exchange (ticker: OPTI).

The financial information set out in this interim report does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The group's statutory financial statements for the year ended 30 November 2014, prepared under International Financial Reporting Standards ("IFRS"), have been filed with the Registrar of Companies. The auditor's report on those financial statements was unqualified and did not contain statements under Sections 498(2) and 498 (3) of the Companies Act 2006.

Copies of the annual statutory accounts and the interim report can be found on the Company's website at <http://www.optibiotix.com/>.

2. Basis of preparation and significant accounting policies

This interim report has been prepared using the historical cost convention, on a going concern basis and in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union, using accounting policies which are consistent with those set out in the financial statements for the year ended 30 November 2014.

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, except for IFRS 9 Financial Instruments.

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 Interim Financial Statements (continued)

For six months to 31 May 2015

4. 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:

| | 6 months to 31 May 2015 Unaudited | 6 months to 31 May 2014 Unaudited | Year to 30 November 2014 Audited |
|--|---|---|---|
| Basic and diluted EPS | | | |
| Earnings attributable to ordinary shareholders | (£514,424) | (£57,643) | (£810,706) |
| Weighted average number of shares | 72,684,379 | 5,040,513 | 26,751,262 |
| Loss per-share – pence | 0.708p | 1.144p | 3.03p |

The weighted average number of shares for the six months to 31 May 2014 has been adjusted from 1,008,102,543 to 5,040,513 to reflect the subdivision which occurred during the year to 30 November 2014.

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 31 May 2015 there were 10,350,387 outstanding share options and 3,482,650 outstanding share warrants.

Notes to the Interim Financial Statements (continued)

For six months to 31 May 2015

5. Share Capital

Issued share capital comprises:

| | 6 months to 31 May 2015 Unaudited £ | 6 months to 31 May 2014 Unaudited £ | Year to 30 November 2014 Audited £ |
|---|--|--|--|
| Ordinary shares of 0.01p each – 1,098,618,237 | – | 109,862 | – |
| Ordinary shares of 2p each – 73,377,992 | 1,467,560 | – | 1,445,622 |
| Deferred shares of 19p each – 26,001,739 | 4,940,330 | 4,940,330 | 4,940,330 |
| Deferred shares of .90p each – 63,373,961 | 570,366 | 570,366 | 571,366 |
| Deferred shares of 0.09p each – 135,587,293 | 122,028 | 122,028 | 122,028 |
| | 7,100,284 | 5,742,586 | 7,078,346 |

On 7 January 2015, 19 January 2015, 19 March 2015, 20 April 2015 and 21 May 2015 the company issued and allotted 125,000, 24,375, 441,807, 479,787 and 25,941 ordinary shares of £0.02 each respectively, exercised at a price of £0.08 per share in the capital of the company following the exercise of warrants.

6. Share options

On 30 March 2015 the Company granted options on 1,717,544 ordinary shares to two directors and one employee. The options vest upon certain performance criteria being met and lapse on the tenth anniversary of the agreements.

The fair value of the share options issued in the current period is £0.12 and was derived using the Black Scholes model. The following assumptions were used in the calculation:

| | |
|---------------------------|----------|
| Share price at grant date | 27.99p |
| Risk-free rate | 0.25% |
| Volatility | 35% |
| Expected life | 10 years |

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.

A charge of £127,728 has been recognised for the share based payments over the vesting period.

7. Events subsequent to 31 May 2015

On 5 June 2015 and 17 June 2015 the company issued and allotted 191,625 and 7,293 ordinary shares of £0.02 each respectively, exercised at a price of £0.08 per share in the capital of the company following the exercise of warrants.





Innovation Centre
Innovation Way
Heslington
York YO10 5DG

www.optibiotix.com