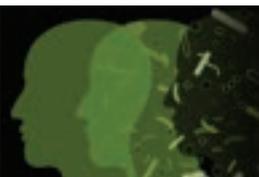




OptiBiotix Health Plc  
HALFYEARLY REPORT FOR THE 6 MONTHS  
ENDED 31 MAY 2017

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



# Chairman's and Chief Executive Statement

For the six months to 31 May 2017



We are pleased to present OptiBiotix Health plc's interim results for the six month period ended 31 May 2017.

This period reflects the start of the transition of OptiBiotix® from a research and development company into a commercial business, with the appointment of a commercial director, sales and marketing director, product launches of both SlimBiome®, and our cholesterol reducing probiotic (LPLDL®), and our first of what we hope will be many revenue generating sales agreements. OptiBiotix® now has a broad portfolio of IP protecting our commercial interests, an increasing range of products entering the market and a growing number of commercial agreements providing early revenues. Industry interest in microbiome products with a strong scientific and clinical evidence base has stimulated high commercial interest and we anticipate this will convert into a number of license deals, supply agreements and royalty revenue in the months ahead.

This transition heralds the start of a new phase in the Company's development as the science matures into a growing pipeline of innovative products to prevent, manage and treat many of today's chronic lifestyle diseases. As the promise of the microbiome materialises into products across an increasing number of OptiBiotix's platforms and industry interest translates into multiple revenue streams from royalties and supply agreements there is potential for a significant enhancement in the value of the Company.

## KEY ACHIEVEMENTS

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

- An agreement with Tata Chemicals, one of India's leading suppliers of food ingredients, to develop weight management products containing SlimBiome® for the Indian market
- The appointment of Per Rehne as Commercial Director, and Christina Wood as Sales and Marketing Director, to support the commercialisation and global expansion of OptiBiotix® products

- A profit sharing agreement with Sacco S.r.l., one of Europe's leading probiotic manufacturers, to manufacture and supply OptiBiotix's cholesterol reducing strain, LPLDL®, in Europe
- Prelaunch sales of LPLDL® to HLH BioPharma Vertriebs GmbH ("HLH"), one of Europe's leading suppliers of probiotics to the pharmacy market
- Launch of OptiBiotix's SlimBiome® and LPLDL® products at the Vitafoods Europe tradeshow in Geneva in May 2017
- A non exclusive agreement with Nutrilinea, one of Europe's fastest growing providers of food supplements, for the production and commercialisation of products containing OptiBiotix's LPLDL® strain in Europe
- Presentation of OptiBiotix's science at international conferences including: The European Microbiome Summit (November 2016); ProBiota (February 2017); and the MicroBiome R&D and Business Collaboration: Asia (March 2017)
- The admission of OptiBiotix's majority owned skincare subsidiary, SkinBiotherapeutics (formerly SkinBiotix), to AIM with an associated £4.5m institutional and private client fundraise
- A profit after tax of £3.2million reflecting an adjustment of £4.1m for the change in value of the investment in Skinbiotherapeutics following the listing on AIM in April 2017

## RESULTS

OptiBiotix results for the 6 months ended 31 May 2017 are set out in the Consolidated Statement of Comprehensive Income. Administrative expenses were £1,021,081 (£802,082: 2016) including a number of non-recurrent costs associated with the listing of SkinBiotherapeutics in April 2017.

The accounts show a profit after tax of £3.2m following the successful listing of Skinbiotherapeutics PLC. The income statement includes an adjustment of £4.1m for the change in value of the investment in Skinbiotherapeutics following the listing. This is an accounting adjustment and as an unrealised profit on the investment it is not taxable.

After accounting for the adjustment, the Operating Loss for the period is £0.98m (2016: £0.71m). The increase in loss reflects the inclusion of the first set of six monthly results for The Healthy Weight Loss Company (£40K) and Skinbiotherapeutics plc (£233K). Following the listing of SkinBiotherapeutics plc whilst we have to account for our share (41.9%) of future profits or losses, as this is an accounting adjustment, there is no impact on OptiBiotix group cash balance. Cashflow remains tightly controlled with a focus on building shareholder value through investment in R&D, IP and in-licensing opportunities. The Group's cash position remains strong at £1,923,018 which is sufficient to cover the delivery of existing development and commercial plans.

# Chairman's and Chief Executive Statement (continued)

For the six months to 31 May 2017

## BOARD AND MANAGEMENT

We continue to evolve the Board in line with the Company's development. The last six months has seen a number of board additions to reflect the increased commercial focus.

We were pleased to announce the appointment of Per Rehne as Commercial Director and Christina Wood as Sales and Marketing Director in January 2017. Both come with a wide network of contacts in the food industry and a track record of working with manufacturers, distributors and retailers to rapidly grow sales revenues in international markets. Per has taken responsibility for leading the commercialisation of LPLDL®, and Christina responsibility for SlimBiome®. Their addition to the Board increases the company's capacity and capability to better exploit the opportunities created by our growing pipeline of products in international markets. We anticipate seeing the benefit of these appointments in the next six to twelve months.

We believe with the addition of Per and Christina, we have a well-balanced Board with scientific and commercial expertise in the founder and Chief Executive Stephen O'Hara, Non-Executive Director Dr Gareth Barker and Peter Wennström, one of the world's leading experts in functional food innovation and marketing, Dr Sofia Kolida as Director of Research and Development brings specialised expertise in prebiotics. They are complemented by our CFO Mark Collingbourne and Adam Reynolds as our interim Chairman.

We anticipate further additions and changes to the management team and the Board as we extend the global reach of our products and in-line with the continued growth and expansion of the Company.

## SCIENTIFIC AND COMMERCIAL OVERVIEW

The Board believe we are rapidly approaching a future where microbiome products will make a significant contribution to the prevention, management and treatment of disease. Supporting evidence for this came when US researchers and clinicians presenting at the 2016 Medical Innovation Summit identified the microbiome as the world's top innovation, describing it as healthcare's 'most promising and lucrative frontier'. These rapid developments in the understanding of the microbiome have been matched by Optibiotix's own progress in a number of application areas.

Key to translating the science of the microbiome into healthcare is the ability to change the microbiome in a controlled way. Optibiotix's science has demonstrated the ability to alter the microbiome in a very targeted way, enhancing a particular bacterial species growth, biological activity and health benefit, which place it at the forefront of this growing revolution in healthcare.

To exploit the diversity of opportunities, Optibiotix's has developed a number of technology platforms using different approaches to modulate the microbiome. These development platforms had varying risk portfolios. This allowed product launch and revenue generation from our lower risk platform (SlimBiome®) whilst the science was developed for the higher risk platforms (OptiScreen® and OptiBiotics®). The overall strategic aim was to allow investors in Optibiotix to build up a broad based investment portfolio across multiple opportunities in this exciting space.

These technology platforms have now moved through the development process of laboratory studies, human studies and manufacturing scale up which has substantially reduced technical and clinical risk. This changes the risk reward ratio leading to both an increase in value and greater interest from corporate partners in the Company's technology, products and assets. Our deal with Tata Chemicals in December 2016, and earlier deals with DSM and KSF reflect the progression of our technology to full scientific maturity.

Key to establishing the scientific maturity and credibility of our technology is the reporting and peer review of our methods and data in scientific journals and at international conferences, and the endorsement of world key opinion leaders. The last six months has seen an increase in the number of these presentations and publications reflecting the maturity of our science. These presentations and publications raise Optibiotix's profile and reputation, attract commercial interest in our technology and products and provide the scientific evidence for sales and marketing literature in support of product commercialisation. As the Company transitions from a technology company to a product company, it anticipates future presentations and publications to support the launch of its pipeline of products.

We believe growing industry interest in microbiome products with strong science, independent clinical studies and key opinion leader endorsement will help convert the high interest in our products into revenue streams from license deals and supply agreements in the months and years ahead.

## SLIMBIOME®, GOFigure®, AND THE HEALTHY WEIGHT LOSS COMPANY (THWLC)

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.

# Chairman's and Chief Executive Statement (continued)

For the six months to 31 May 2017

In July 2016, OptiBiotix® formed a partnership with The Healthy Weight Loss Company ("THWLC") to launch Slimbiome® in GoFigure® snacks and shakes under a non-exclusive UK license agreement. THWLC provides an effective way to incubate new technological solutions, establish early consumer interest and product viability, and act as a 'shop window' to attract interest from industry partners who want to use Slimbiome® as a food ingredient in international markets.

We are pleased that Tata Chemicals, one of India's leading suppliers of food ingredients, became aware of GoFigure® products via this 'shop window' and signed an agreement in December 2016 to develop weight management products containing SlimBiome® for the Indian market. With India ranked second in the world with 30m overweight people and Tata's local knowledge, reputation and sales & distribution capability, this has the potential to develop into a healthy future revenue stream. As we develop the Slimbiome® brand we anticipate further similar deals in other international markets.

We are pleased that early sales of GoFigure® snacks and shakes have had excellent customer feedback and established the viability of Slimbiome® as a functional ingredient in consumer products. Sales have been achieved through customer referral without any marketing spend and give us confidence in the products efficacy and commercial potential.

We announced at the AGM that we were expanding our operations to scale up supply of both SlimBiome® and the range of GoFigure® products. This is a precursor to any large retailer launching products and should give an indication of our confidence levels in SlimBiome® and GoFigure® products.

To support this commercial scale up, Christina Wood has taken over the role of Managing Director of THWLC with Max Tomlinson focusing more on product development as Director of Nutrition. We see the continued integration of THWLC into OptiBiotix including utilisation of its online platform and commercial relationships as part of a natural evolution of both companies.

## LPLDL®

OptiBiotix's first product developed using its OptiScreen® platform is a bacterial strain targeting cholesterol reduction. The strain, registered under international treaty's as *Lactobacillus plantarum* ECGC 13110402 and branded LPLDL®, was selected by OptiBiotix's proprietary OptiScreen® technology platform from over 4,000 candidate strains. The product successfully underwent independent human studies showing high levels of efficacy for both cholesterol and blood pressure reduction. The reduction of both cholesterol and blood pressure is a significant advantage over existing cholesterol products as the ability to reduce both LDL and blood pressure has a multiplicative effect

in reducing cardiovascular risk. This was reported by the European Society of Cardiology in August 2016 who stated 'Long-term exposure to the combination of even modestly lower LDL cholesterol (LDL-C) and systolic blood pressure (SBP) has the potential to "dramatically reduce" a person's lifetime risk of cardiovascular disease, according to new findings.'

We are pleased that Sacco S.r.l. ("Sacco"), one of Europe's leading probiotic manufacturers, signed a profit sharing agreement with us to manufacture and supply OptiBiotix's cholesterol reducing strain, LPLDL®, in Europe. We chose Sacco from a number of interested manufacturers due to their industry reputation, extensive European network and track record in building sales for what have become some of the world's best selling probiotic strains.

Sacco produce LPLDL® as an ingredient which can be sold directly to companies or as the active within different formulations and presentations of both white label and branded products. We were pleased to agree a non-exclusive agreement with Nutrilinea, one of Europe's fastest growing providers of food supplements, for the production and commercialisation of products containing OptiBiotix's LPLDL® strain in Europe. Under the terms of the agreement, Nutrilinea will produce, promote, market and commercialise OptiBiotix's CholBiome® and CardioBiome® products to their European network with the aim of maximising the financial return for both parties. We would anticipate further agreements with companies and other product formulations groups both within Europe and other territories in the forthcoming months.

We see our strain, which we have trademarked LPLDL®, as very much the 'Intel' inside a range of products for cardiovascular health across both consumer and pharmaceutical markets. The overall aim is to achieve a multiple deal structure where we get revenues from manufacturers who make the product and distributors who formulate and distribute a wide range of products for cholesterol, blood pressure and cardiovascular health. This creates the opportunity for multiple revenue streams from sales of the strain, white label and branded products – maximising shareholder return.

## OPTIBIOTICS®, MICROBIOME MODULATION, AND SWEETBIOTICS®

OptiBiotix has made significant progress in its scientific programmes to develop compounds which modify the human microbiome to prevent, manage and treat disease. These now cover three areas and is a substantive opportunity in its own right:

- i. Microbiome modulators where OptiBiotix® has demonstrated its ability to manipulate both the microbiome's composition and its function. These ingredients are heat

# Chairman's and Chief Executive Statement (continued)

For the six months to 31 May 2017

resistant and stable during processing, which creates the opportunity to incorporate low cost, safe ingredients which modulate specific elements of the microbiome in a wide range of food products. This creates the potential for designer ingredients, supplements and food products which can modify an individual's current microbiome to improve health. In the last six months, we have extended our work into other microbial general associated with health benefits directly, or through the production of bioactives, like short chain fatty acids (SCFA's).

- Combining microbiome modulators with existing products such as probiotics to greatly enhance the products health benefits. Our teams have demonstrated that by combining our cholesterol reducing strain, LPLDL<sup>®</sup>, with galacto-oligosaccharides produced from it, we can selectively enhance its growth and increase cholesterol reduction threefold. Work in the last six months has extended these developments to other probiotic genera and species. To the best of our knowledge, this is the first time that anyone has developed an optimised synbiotic, or OptiBiotic<sup>®</sup>, that increases the growth and health benefit of a specific bacterium in the microbiome. We see the development of species or genera specific prebiotics which can selectively enhance the growth and health benefits of existing probiotic products as a growing area of interest to the probiotic industry, a market expected to be worth more than \$46.5bn by 2020 (Markets and Markets).
- SweetBiotix<sup>®</sup> – The SweetBiotix<sup>®</sup> 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<sup>®</sup>. These sweet natural healthy sugars are not digested in the human gut and hence calorie free. In the last six months, we have accelerated our development programmes in this area with independent human studies of six customised oligosaccharides developed from high intensity natural sweeteners showing sweetness of between 140X and 223X that of sucrose at equivalent concentrations, with a large reduction in bitterness when compared to Stevia. This has stimulated high industry interest and we anticipate further developments and announcements in this area in the future.

## SKINBIOTHERAPEUTICS PLC

In April 2017, OptiBiotix's majority owned skincare subsidiary, SkinBiotherapeutics (formerly SkinBiotix), was admitted to AIM with an associated £4.5m institutional and private client investment manager fundraise. This reflects a strategy to realise

the value of each technology area, which the Board believes was not being fully realised when viewed as a whole. The listing of SkinBiotherapeutics plc materialises the value of a part of the business in which a 52% stake was acquired for £250K in March 2016 and 12 months later listed at a valuation of £11m, with OptiBiotix<sup>®</sup> owning a 41.9% shareholding. OptiBiotix believes that there is potential for substantive future value enhancement in SkinBiotherapeutics using the £4.1m raised at listing allowing it to fully exploit the potential of this exciting technology.

This strategy allows investors in OptiBiotix to build up a broad based investment portfolio across a number of areas in the microbiome space which diversifies risk, whilst offering shareholders multiple opportunities in the exciting space. As the listed company grows in value, OptiBiotix shareholders will benefit from the appreciation of each asset. This is an innovative business model which over time looks to give OptiBiotix shareholders a position in multiple companies, and with it the prospect of multiple returns.

SkinBiotherapeutics plc is at an early stage in its development, similar to the beginnings of OptiBiotix in August 2014, and continues to make solid progress building relationships with potential commercial partners and progressing towards the start of human studies, which if successful, should provide a substantive uplift in valuation. The Board remain optimistic on the future of SkinBiotherapeutics as it has good technology and is targeting multi-billion dollar global markets, where there is a real need for new science.

## 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. This will be achieved by developing our own IP and acquiring new IP, technologies or assets in areas of strategic interest in the microbiome space, when the opportunity arises.

The last six months has seen the start of the transition of OptiBiotix<sup>®</sup> from a research and development Company to a commercial business, with the appointment of a commercial team and product launches of SlimBiome<sup>®</sup> and LPLDL<sup>®</sup> at Vitafoods, quickly followed by a number of sales agreements. These agreements, with HLH and Pharmabiota, are from pharmaceutical suppliers who have a reputation for scientifically validated products who sell into the high value pharmaceutical market. Establishing early sales in pharmacies helps build credibility in the science and consumer acceptance as pharmaceutical products. This will help as we progress into the higher volume consumer markets with national retailers and larger consumer corporates. We were pleased at the high level of interest in both LP-LDL and SlimBiome<sup>®</sup> at Vitafoods, our first

# Chairman's and Chief Executive Statement (continued)

For the six months to 31 May 2017

sales exhibition. If this interest develops into further deals, we can see a path to revenues of £5-6m+ per year for each of these products in the near future.

The supplement formulations provided to HLH and Pharmabiota can be licensed to partners in other territories, or provided in different presentations (tablets, capsules etc.) to create multiple product and partnering opportunities. OptiBiotix® currently have around a dozen formulations we are developing for partners covering cholesterol reduction, cardiovascular risk and broader concepts, such as healthy ageing. Some of these, such as the healthy ageing formulation, will be more attractive to larger consumer corporates than specialist pharmacies, and will generate options which appeal to both consumer healthcare and pharmaceutical markets around the world.

There are also many other application areas and geographies which create further opportunities. Whilst our focus with LPLDL® has been on the European supplement market, we are receiving growing interest from the US and Asia. As we extend our reach into new application areas and new territories, the scale of the opportunity enlarges. The US is one of the largest and fastest growing probiotic markets in the world, with supplements alone accounting for US\$2.06bn sales, and a projected 55% growth to US\$3.3bn by 2021. Partner opportunities are also being explored which extend LPLDL® into the US\$35.5bn probiotic dairy market. The extension of our products into other application areas reflects a growing confidence in our products and the scale of the opportunity. We would hope to see the expansion of territories and application areas leading to announcements of deals with a number national and international partners.

The last six months has seen deals with Tata, Sacco and Nutrilinea; companies with high industry reputations and a global network of distribution sales partners. We will continue to build up our manufacturing, distribution and sales network across all platforms to allow us to fully exploit the revenue generating potential of all our products. This is a low risk, low cost approach to accessing multiple consumer healthcare and pharmaceutical markets around the world, which if successful, has the potential to cumulatively generate substantive seven figure revenues in the forthcoming years across all platforms. We have been impressed by Tata and see many commonalities in both company's approaches and hope our SlimBiome® agreement will be the first of a number of agreements across our platforms.

As the Company enters the next stage of its development, we will need to evolve the structure to fully exploit the expanding range of opportunities and maximise revenue. Currently the Company is structured around technology platforms, such as Optiscreen® and OptiBiotics®, which creates a scientific focus.

The transition from a technology to product company requires a different focus and skill set. The appointment of Per Rehne (Commercial Director), and Christina Wood (Sales Director), who were appointed in January and joined us in March, was the start of this process. They bring a global network of industry contacts and an impressive record of growing sales revenues in international markets. Per has taken responsibility for leading the commercialisation of LPLDL® and Christina responsibility for SlimBiome. These technology platforms are being developed into self sustaining business units with a commercial focus lead by directors who have the business development, sales skills and experience to fully exploit the revenue potential of the products. As these develop, we will separate them into wholly owned separate legal entities with the potential for an independent exit by a trade sale, or listing separately or collectively in UK or the US, depending on market conditions. This is consistent with our strategy multiple opportunities in this exciting space. This is consistent with our strategy of providing investors a broad based investment portfolio across a number of areas in the microbiome space which diversifies risk, whilst offering shareholders multiple opportunities in this exciting space.

The Board believes OptiBiotix® is at the leading edge of an emerging market, forecast to become one of the world's fastest growth areas. Over the last six months we have continued our progress of building a broad based microbiome business with a strategy which best maximises the value in each division and a diversity of IP and commercial relationships which provides shareholders with multiple opportunities. We believe the Company has now significantly de-risked scientific, clinical and manufacturing risk across its platforms. This changes the risk reward ratio leading to an increase in value and the Company and its assets becoming an attractive proposition for corporate partners.

The Board anticipates a future where microbiome products will make a significant contribution to the prevention, management and treatment of disease. We are pleased that our strategy of developing microbiome products with a strong scientific and clinical evidence base has provided clear product differentiation and stimulated high commercial interest. We look forward to converting these into license deals and supply agreements in the months ahead.

On behalf of everyone at OptiBiotix Health plc we would like to thank our investors for their continued support and look forward to an exciting future.

**Adam Reynolds and Stephen O'Hara**  
30 August 2017

# Consolidated Statement of Comprehensive Income

For the period to 31 May 2017

		6 months to 31 May 2017 Unaudited £	6 months to 31 May 2016 Unaudited £	Year to 30 November 2016 Audited £
<b>Continuing Operations</b>	<b>Notes</b>			
Revenue		74,868	88,252	288,119
Cost of sales		(34,631)	–	(38,214)
<b>Gross Profit</b>		<b>40,237</b>	88,252	249,905
Administrative expenses		(1,021,081)	(802,083)	(1,765,736)
<b>Operating loss</b>		<b>(980,844)</b>	(713,831)	(1,515,831)
Finance income/(costs)		95	59	165
Profit on investment revaluation		4,103,986	–	–
<b>Profit before Income tax</b>		<b>3,123,237</b>	(713,772)	(1,515,666)
Income tax		83,247	98,529	174,544
<b>Profit/(Loss) for the period</b>		<b>3,206,484</b>	(615,243)	(1,341,122)
<b>Other Comprehensive Income</b>		–	–	–
<b>Total comprehensive income for the period</b>		<b>3,206,484</b>	(615,243)	(1,341,122)
Total comprehensive income attributable to the owners of the company		3,206,484	(615,243)	(1,297,871)
Non-controlling interest		(86,783)	–	(43,251)
		3,119,701	(615,243)	(1,341,122)
<b>Profit/(Loss) per share</b>	4			
Basic & Diluted loss per share – pence		3.97	(0.8)	(1.67)
Basic & Diluted loss per share before Profit on investment revaluation – pence		(1.3)	(0.8)	(1.67)

# Consolidated Statement of Financial Position

As at 31 May 2017

ASSETS	Notes	As at 31 May 2017 Unaudited £	As at 31 May 2016 Unaudited £	As at 30 November 2016 Audited £
<b>ASSETS</b>				
Non-current assets				
Intangibles		1,976,949	2,089,916	2,195,646
Property, plant & equipment		9,411	2,012	11,755
Investments		4,398,539	–	–
		<b>6,384,899</b>	<b>2,091,928</b>	<b>2,207,401</b>
<b>CURRENT ASSETS</b>				
Inventories		25,503	–	26,625
Trade and other receivables		76,528	304,331	194,230
Current tax asset		191,950	207,232	120,000
Cash and cash equivalents		1,923,018	3,556,264	3,115,366
		<b>2,216,999</b>	<b>4,067,827</b>	<b>3,456,221</b>
<b>TOTAL ASSETS</b>		<b>8,601,898</b>	<b>6,159,755</b>	<b>5,663,622</b>
<b>EQUITY</b>				
<b>Shareholders' Equity</b>				
Called up share capital	6	7,203,590	7,192,455	7,196,010
Share premium		6,232,427	6,199,192	6,144,357
Share based payment reserve		430,346	398,441	417,585
Non Controlling Interest		(84,683)	480	90,692
Merger relief reserve		1,500,000	1,500,000	1,500,000
Accumulated deficit		(7,139,029)	(9,662,885)	(10,345,513)
<b>Total Equity</b>		<b>8,142,651</b>	<b>5,627,683</b>	<b>5,003,131</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables		63,858	114,089	253,805
		<b>63,858</b>	<b>114,089</b>	<b>253,805</b>
<b>Non – current liabilities</b>				
Deferred tax liability		395,389	417,983	406,686
		<b>395,389</b>	<b>417,983</b>	<b>406,686</b>
<b>TOTAL LIABILITIES</b>		<b>459,247</b>	<b>532,072</b>	<b>660,491</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>8,601,898</b>	<b>6,159,755</b>	<b>5,663,622</b>

# Consolidated Statement of Changes in Equity

For the six months to 31 May 2017

	Called up Share capital £	Share Premium £	Share- based Payment reserve £	Non controlling Interest £	Merger Relief Reserve £	Accu- mulated deficit £	Total Equity £
<b>Balance at 30 November 2015</b>	7,117,315	3,863,687	383,435	–	1,500,000	(9,047,642)	3,816,795
Loss for the period	–	–	–	–	–	(615,243)	(615,243)
Issued during the period	65,641	2,434,359	–	–	–	–	2,500,000
Skinbiotix	–	–	–	480	–	–	480
Exercise of warrants	9,499	28,496	–	–	–	–	37,995
Share based payment	–	–	15,006	–	–	–	15,006
Share issue expenses	–	(127,350)	–	–	–	–	(127,350)
<b>Balance at 31 May 2016</b>	7,192,455	6,199,192	398,441	480	1,500,000	(9,662,885)	5,627,683
Loss for the period	–	–	–	–	–	(682,628)	(682,628)
Issue shares during the period	3,555	(54,835)	–	–	–	–	(51,280)
Non-Controlling Interest	–	–	–	90,212	–	–	90,212
Share options & warrants	–	–	19,144	–	–	–	19,144
<b>Balance at 30 November 2016</b>	7,196,010	6,144,357	417,585	90,692	1,500,000	(10,345,513)	5,003,131
Profit for the period	–	–	–	–	–	3,206,484	3,206,484
Issue of shares during the period	7,580	88,070	–	–	–	–	95,650
Share options & warrants	–	–	12,761	–	–	–	12,761
Non controlling Interest	–	–	–	(175,375)	–	–	(175,375)
<b>Balance at 31 May 2017</b>	<b>7,203,590</b>	<b>6,232,427</b>	<b>430,346</b>	<b>(84,683)</b>	<b>1,500,000</b>	<b>(7,139,029)</b>	<b>8,142,651</b>

# Consolidated Statement of Cash Flows

For the six months to 31 May 2017

Notes	6 months to 31 May 2017 Unaudited £	6 months to 31 May 2016 Unaudited £	Year to 30 November 2016 Audited £
<b>Reconciliation of loss before income tax to cash outflow from operations</b>			
Operating loss	(980,844)	(713,831)	(1,515,831)
Decrease/(Increase) in inventories	1,122	–	(26,625)
(Increase)/decrease in trade and other receivables	(111,753)	(241,734)	(131,633)
(Decrease)/increase in trade and other payables	(3,374)	(11,730)	127,982
Share Option expense	12,761	15,003	34,150
Depreciation	3,692	–	808
Amortisation of patents	56,484	56,484	112,968
<b>Net cash outflow from operations</b>	<b>(1,021,912)</b>	<b>(895,808)</b>	<b>(1,398,181)</b>
Interest received	95	59	165
<b>Net cash outflow from operating activities</b>	<b>(1,021,817)</b>	<b>(895,749)</b>	<b>(1,398,016)</b>
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment	(1,348)	–	(10,551)
Acquisition of subsidiary net of cash	–	480	133,943
Purchase of intangible assets	(36,621)	–	(162,213)
Disposal of subsidiary net of cash	(228,212)	–	–
<b>Net cash (outflow)/inflow from investing activities</b>	<b>266,181</b>	<b>480</b>	<b>(38,821)</b>
<b>Cash flows from financing activities</b>			
Share issues	95,650	2,410,645	2,359,365
<b>Net cash inflow from financing activities</b>	<b>95,650</b>	<b>2,410,645</b>	<b>2,359,365</b>
Taxation	–	–	151,950
<b>Increase/(decrease) in cash and equivalents</b>	<b>(1,192,348)</b>	<b>1,515,376</b>	<b>1,074,478</b>
Cash and cash equivalents at beginning of year	3,115,366	2,040,888	2,040,888
Cash and cash equivalents at end of year	1,923,018	3,556,264	3,115,366

# Notes to the Half Yearly Report

For the period to 31 May 2017

## 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 Half Yearly 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 2016, 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 Half Yearly report can be found on the Company's website at <http://www.optibiotix.com/>.

## 2. Basis of preparation and significant accounting policies

This Half Yearly 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 2016.

### 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.

## 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 Half Yearly Report (continued)

For the period to 31 May 2017

## 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 2017 Unaudited	6 months to 31 May 2016 Unaudited	Year to 30 November 2016 Audited
Basic and diluted EPS			
Earnings attributable to ordinary shareholders	3,132,001	(615,243)	(1,297,871)
Weighted average number of shares	78,517,954	77,261,548	77,683,891
<b>Earnings (Loss) per-share – pence</b>	<b>3.97p</b>	<b>(0.80)p</b>	<b>(1.67)p</b>
Earnings attributable to ordinary Shares before Profit on investment revaluation	(984,285)	(615,243)	(1,297,871)
<b>(Loss) per-share – pence</b>	<b>(1.3)p</b>	<b>(0.80)p</b>	<b>(1.67)p</b>

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 2017 there were 10,011,904 outstanding share options and 1,572,310 outstanding share warrants.

## 5. Investments in associate undertakings

On 4 April 2017 the group reduced its shareholding in its subsidiary, SkinBiotix Limited, from 52% to 41.9% as a result of their listing on the AIM stock exchange and is now accounted for as an associate under the equity accounting method.

Company	£
<b>Cost</b>	
At 30 November 2016	–
Additions	4,398,539
<b>Carrying amount</b>	
At 31 May 2017	4,398,539

# Notes to the Half Yearly Report (continued)

For the period to 31 May 2017

## 6. Share Capital

Issued share capital comprises:

	6 months to 31 May 2017 Unaudited £	6 months to 31 May 2016 Unaudited £	Year to 30 November 2016 Audited £
Ordinary shares of 2p each 78,543,318	1,570,866	1,559,731	1,563,286
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	570,366
Deferred shares of 0.09p each 135,587,293	122,028	122,028	122,028
	<b>7,203,590</b>	<b>7,192,455</b>	<b>7,196,010</b>

During the six months to 31 May 2017 the company issued ordinary shares of £0.02 each listed, exercised at a price of £0.08 per share in the capital of the company following the exercise of warrants:

Date issued	Number
04/01/2017	29,375
13/01/2017	333,333
16/02/2017	16,351
	<b>379,059</b>

## 7. Post balance sheet events

On 6 July 2017 directors, Per Rehné and Christina Wood were each granted 500,000 options. the options have an exercise price of 69.5p per share and an expiration date of 23 June 2027.



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