OptiBiotix®
HEALTH PLC

BETTER SCIENCE, BETTER HEALTH

ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED 30 NOVEMBER 2018

Contents

Company Information

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Market Context

The human microbiome are collectively the trillions of microorganisms which lives in and on our bodies and which play a vital part in our health. The awareness and scientific evidence of the microbiome and its relationship to human health and disease has grown in the last few years and now attracts much interest from global pharmaceutical and biotechnology industries. Strong evidence of the growing interest is the rapidly growing number of scientific publications in the field from Europe, the USA, and more recently China.

Life sciences companies are showing growing interest in the microbiome to harness the power of developing non-pharmaceutical solutions for health problems. It is estimated that by 2025Microbiome development opportunities will be worth close to a trillion dollars with estimated growth (2022-2025) of 22.3% CAGR (Source: Market & Markets January 2016).

Europe is expected to account for the largest total share mainly through its significant presence in the probiotics and prebiotics fields and the acceptance of these products by the consumer. For probiotics the global retail value was USD40 billion in 2016. For probiotic supplements the retail value was USD4.3 billion in 2016 with a 38% growth prediction to 2021, whilst the US market retail value of probiotic supplements is expected to grow by 55% (2016-2021) to USD3.3 billion. (Source: Euromonitor International June 2017).

The OptiBiotix Difference

- Utilises validated technology platforms which reduce the risk of developing products which modify the microbiome and improve health
- Extensive and valuable IP portfolio of 90+ patents and 40+ trademarks,
- Commercial partners in place for all platforms with global brands
- At the forefront in the development of microbiome products which enable next generation health solutions
- Enables current brands to renovate products and price levels and new brands to innovate with new differentiated solutions

According to the "Global Nutrition report 2017" more the 2 billion adults (age 18+) in the world are overweight or considered obese. It is today one of the world's biggest public health problems increasing the risk of chronic diseases including diabetes, cardiovascular diseases, fatty liver, some cancers and immune-related diseases with an estimated cost to the global economy of USD1.2 trillion annual by 2025.In the UK, the bill is set to rise from USD19 billion to USD31 billion per year in 2025. (Source: The Guardian, October 2017).

The New York Times

Unlocking the Secrets of the Microbiome

MailOnline

Why bacteria in the stomach really DO control everything from our eating habits to weight loss and mood

OptiBiotix Health PLC is a leading company in the field of microbiome product research and development. We are developing the next generation of microbial strains (LP_{LDL}®), targeted prebiotics (LPGOS), sweet functional fibres (SweetBiotix®), compounds and formulations (SlimBiome®) which modulate the human microbiome and impact on lipid and cholesterol management, energy harvest and appetite suppression, fuelled by our proprietary development and technology platforms to bring potential health benefits.

Three Core Screening Platforms

OptiScreen®

A screening platform to identify microbial metabolic pathways that interact with human pathways to improve health

OptiBiome®

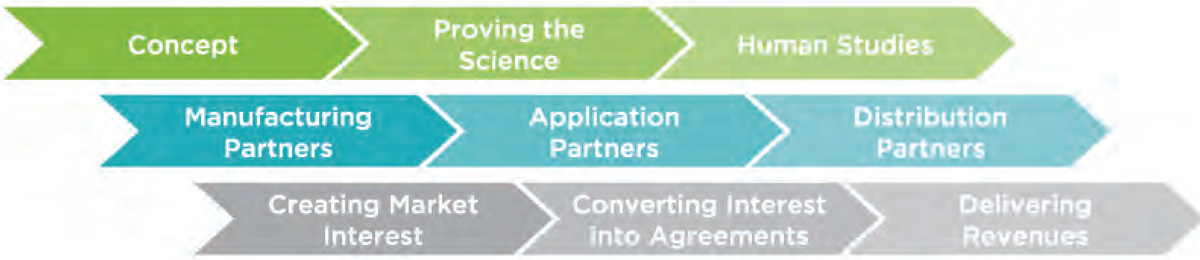
A screening platform to identify and develop microbiome modulators which can be used in proprietary formulations to prevent and manage a wide range of chronic lifestyle diseases

OptiBiotics®

A screening platform which generates and screens novel oligosaccharides for their ability to modulate the microbiome

Overview of OptiBiotix

From Science to Commercialisation, the OptiBiotix Route to Market



Key highlights of the year

December – The appointment of Neil Davidson CBE as Non executive chairman bringing sector specific commercial expertise and a track record of building shareholder value

February – Presentation of research at an international conference (ProBiota 2018) with DSM, on the development of a prebiotic which selectively enhances the growth of *Lactobacillus rhamnosus GG* ("LGG®")

April – Exclusive agreement with Trigen Pharma to commercialise OptiBiotix's own label CholBiome® products in Pakistan.

May – Exclusive agreement with Akums Drugs and Pharmaceuticals to exclusively manufacture and supply products containing LP_{LDL}®, in India.

May – SlimBiome® wins award for Weight Management Ingredient of the Year at the Vitafoods European tradeshow in Geneva.

May – LP_{LDL}® non exclusive agreement with Seed Health to commercialise products containing LP-LDL® in the USA.

June – Non-exclusive agreement with global dairy company to explore the use of SweetBiotix® calorie free sweet fibres in dairy food products.

June – Exclusive license agreement with ALFASIGMA to commercialise food supplements containing LP_{LDL}® in Italy.

June – Exclusivity with global corporate for the scale up and manufacture of SweetBiotix®

September – Exclusive agreement with a US company for LPLDL® as a drug product with 6 figure milestone payments

October – Non exclusive distribution agreement with CTC Holding to distribute SlimBiome® weight in the Philippines, Vietnam, Indonesia and Colombia.

November – SlimBiome® receives CE mark and approval as a medical device.

December – Exclusive distribution for SlimBiome® Medical in Greece and Cyprus.

December – Appointment of Dr Fred Narbel as Managing Director of OptiBiotix's prebiotic division

Awards Success

AIM Awards 2016 sponsored by pwc — Best Technology

UK Stock Market Awards 2016 — Best Healthcare PLC

food matters live winner, Best Functional Ingredient for Health and Wellbeing — SlimBiome® Food Matters Live 2017

The Grant Thornton Quoted Company Awards 2016 — Entrepreneur of the Year

OptiBiotix has built upon its research and development foundation to establish its commercial business, **generating high market interest and early revenues with product launches**

Over the last year OptiBiotix has moved its Probiotic and OptiBiome divisions forward to commercialise their products i.e. Cholesterol and blood pressure reducing **LP$_{LDL}$®** strain and its weight management ingredient **SlimBiome®** which were both launched at the VitaFoods tradeshow in Geneva may 2017. As part of the commercialisation process OptiBiotix has been focusing on getting the right partners in place for the manufacturing of the active ingredients and partners for the final product applications to be able to supply into distribution partners. OptiBiotix has achieved media and industry attention which has strengthened the commercial development of its products leading to a significant number of commercial agreements.

- SlimBiome® is a healthy, hunger-free system
- Formulated by world experts, using a combination of natural ingredients
- Promotes a feeling of fullness and lower cravings

- LP$_{LDL}$® can reduce cholesterol by up to 36.7%
- LDL lowered by up to 13.9%
- HDL increased by up to 6.5%

Brief outlook on 2019:

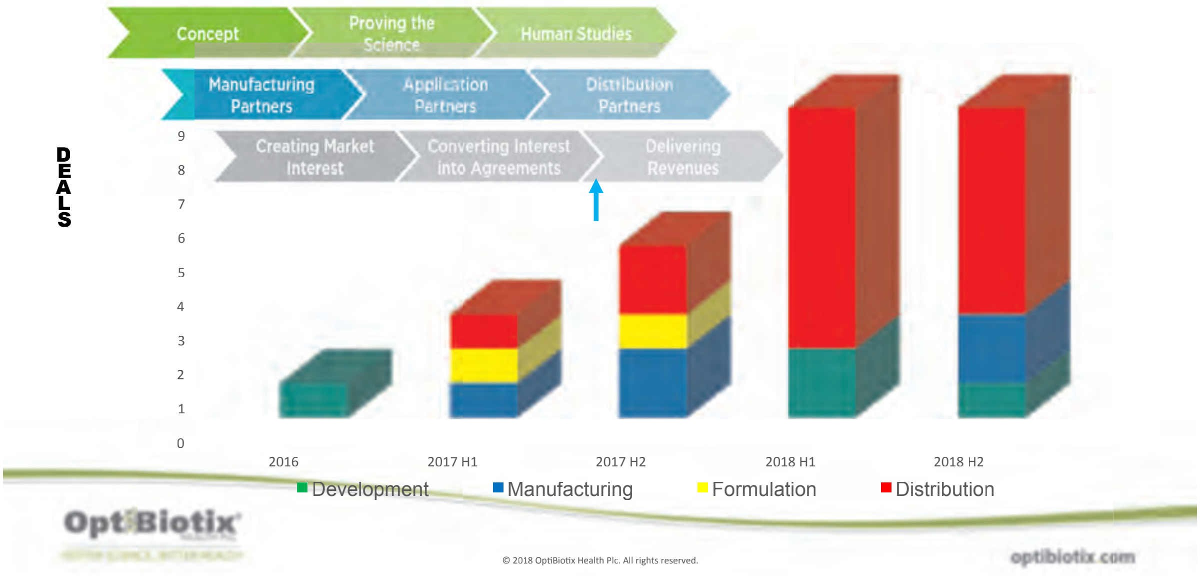
The focus for 2019 is on reaching new agreements, ensuring existing agreements generate revenues for **SlimBiome®** and **LP$_{LDL}$®** and extending commercial reach further into the US and Asia. With the fast maturing Probiotics division we see a large potential in developing the manufacturing of the **LP$_{LDL}$®** strain suitable for the pharmaceutical area.

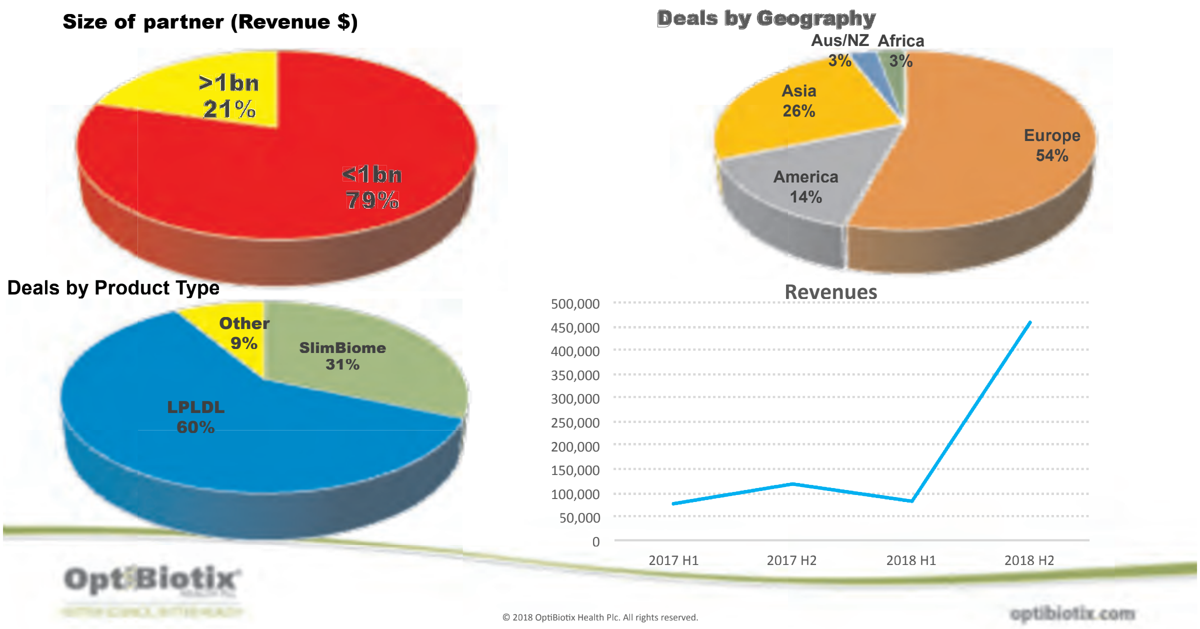
SweetBiotix® is progressing really well scientifically and is looking to offer a number of technology platforms which are now maturing into multiple opportunities across a wide range of application areas with a number of large corporates both on manufacturing and application development.

We have achieved a number of scientific awards for our science at ProBiota and wonweight Management of the Year fro SlimBiome at Viafoods 2018.

"Rewarding true innovation and cutting edge research in healthy foods, supplements and nutrition"

OptiBiotix Deal Pipeline





Chairman's and Chief Executive's Statement

For the year ended 30 November 2018

We are pleased to present OptiBiotix Health plc's ("Optibiotix" or the "Company") annual report and accounts for the year ended 30 November 2018.

The 12 months to 30 November 2018 have seen the continued transition of the Company from a research and development business to a company showing strong commercial traction for its award winning products and technologies with significant deal flow and rapidly growing revenues. This period has seen eighteen commercial agreements signed in the year to 30 November 2018, eight more than the 10 deals concluded in 2017. OptiBiotix has now completed twenty eight deals reflecting international interest from industry in high value ingredients and products which have a strong scientific and clinical evidence base. Of these deals approximately 20% are with companies whose annual turnover is greater than one billion dollars, and represent an opportunity to access global markets with large corporate partners.

As the year progressed, an increasing number of agreements started to generate income with revenue growth in the second half of the year significantly higher than at the start of the year. As existing deals contribute to full year revenues, partners continue to grow sales with new product launches in 2019, and new agreements continue to be signed on a regular basis, we anticipate further revenue growth in 2019.

Key to OptiBiotix's success is its strong science, independent clinical studies, and key opinion leader endorsement. Whilst each product has a different technological base they are united by a common theme of:-

- Understanding the underlying science and mechanism of action in laboratory studies. This allows us to optimise our products and identify multiple application opportunities.
- Proving our products are safe and that they work in humans by carrying out independent clinical studies and publishing them in leading peer reviewed journals authored by leading academics respected by industry.
- Working with world leading key opinion leaders who support the science behind our products.

This systematic approach has led to OptiBiotix's science winning awards at international conferences (ProBiota 2017 and 2018) and its two products, LP_{LDL} and SlimBiome®, being nominated for awards, with SlimBiome® winning the award for best weight management ingredient at Food Matters in November 2017, and Vitafoods in May 2018. Of particular note in 2018 was the award for best scientific abstract at ProBiota with co-authors DSM for developing a prebiotic which selectively increased the growth rate of DSM"s Lactobacillus rhamnosus GG (LGG®), contained within its Culturelle® range. We believe this is the first reported publication of an optimised prebiotic for LGG®, one of the world's best-selling probiotics. We see the combination of a probiotic and a prebiotic, which selectively enhances the probiotics growth and functionality, creates a means to provide product differentiation and enhance the benefits of existing probiotic products in the market. We anticipate further commercial progress in this area in 2019.

We were also pleased by results of a clinical study carried out by the University of Roehampton which demonstrated that human volunteers taking SlimBiome® had statistically significant reductions in weight, BMI, hip circumference, percentage body fat, fat mass and systolic blood pressure ($P<0.01$) after four weeks of SlimBiome® intake. Significant reductions in cravings for savoury foods ($P<0.001$) and a trend for reduced sweet cravings were recorded from the end of week one of the treatment onwards, accompanied by a significant improvement in mood ($P<0.01$). This study added further evidence to other clinical studies and consumer feedback which shows SlimBiome® has a significant impact on food cravings and hunger, leading to easier and more successful weight loss, typically 2-3lbs per week.

We believe this strategy of investing in strong science and clinical studies, which independently demonstrate the safety and efficacy of our products, provides clear product differentiation and stimulates high industry interest, leading to strong deal flow. As the Company continues its transition from a technology company to a product company, it will continue to carry out further studies and present its science at international conferences and in leading peer reviewed journals around the world.

Of particular note in the last year is the recognition of this systematic approach from pharmaceutical companies who have signed deals to develop LP_{LDL}® as a drug product, and the award of medical device status and CE mark for SlimBiome®. These represent significant value enhancing steps as they extend the commercial opportunities for LP_{LDL}® and SlimBiome® into the high value medical products and pharmaceutical drug markets.

As the scientific and consumer understanding of the role of the microbiome in the prevention of disease and the maintenance of health grows we see substantial opportunities in international markets for our products. We look forward to converting this interest into growing revenue streams from license deals and supply agreements in the months and years ahead.

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

- A US manufacturing, supply and profit sharing agreement with Cereal Ingredients, Inc for SlimBiome®.
- Completion of five successful human taste studies on SweetBiotix® demonstrating high sweetness and low off flavours.

- A five year distribution agreement with Trigen Pharma International to exclusively distribute and commercialise OptiBiotix's own label CholBiome® products in Pakistan.
- A non-exclusive distribution agreement with Cambridge Commodities Ltd to distribute SlimBiome® weight management technology in the United Kingdom.
- A five year agreement with Akums Drugs and Pharmaceuticals Ltd to exclusively manufacture and supply supplements and biotherapeutic drug products containing LP$_{LDL}$® in India.
- A non exclusive agreement with Seed Health to produce, promote, market, and commercialise products containing LP$_{LDL}$® in the USA.
- A non-exclusive license with one of the world's largest providers of dairy products to explore the potential for using OptiBiotix's SweetBiotix® technology to reduce the sugar content in a range of its dairy food products.
- Exclusive agreement with a US company for the development of LP$_{LDL}$® as a drug product with a six figure milestone payments at signing and at two subsequent conditional milestones, amounts totalling a seven-figure sum.
- Exclusive license agreement with AlfaSigma to commercialise food supplements containing LP$_{LDL}$® in Italy.
- Non exclusive distribution agreement with CTC Holding to distribute SlimBiome® in the Philippines, Vietnam, Indonesia and Colombia.
- Launch of OptiBiotix online selling own brand GoFigure® and CholBiome® products direct to market providing a shop window for its LP$_{LDL}$® and SlimBiome® technologies.
- Award for SlimBiome® for Weight Management Ingredient of the Year at Vitafoods 2018 and 'Best Functional Ingredient for Health and Wellbeing' at Food Matters.
- Award for best scientific abstract at ProBiota 2018 co-authored with DSM for the identification and development of a prebiotic which selectively enhances the growth of *Lactobacillus rhamnosus* GG ("LGG®") in the gut.
- Independent human studies from by Oxford Brookes University demonstrating that volunteers who took SlimBiome® compared to a placebo feel fuller and are less hungry, have less food cravings, and eat less sweet and fatty foods.
- The granting of medical device status and a CE mark for SlimBiome® extending its application as a food ingredient into high value medical products within consumer healthcare and pharmaceutical markets.
- The appointment of Neil Davidson as Non-Executive Chairman bringing sector expertise, a network of industry contacts, and over 30 years of operational and Board experience as Chairman, Chief Executive and Director of FTSE 100, AIM and private companies.
- The investment in OptiBiotix of £450k by new non executive board members Neil Davidson and Sean Christie.

Strategy

OptiBiotix's strategy is to develop microbiome product with a scientific and clinical evidence base targeted at large markets (>£100 million) where there are high growth opportunities (CAGR >10%), and a large unmet demand. Given the evolving nature of the microbiome OptiBiotix's approach has been designed to reduce investor risk by building multiple opportunities within the microbiome space across a number of platforms which create food ingredients, supplements and pharmaceutical products with partners. This multi partner, multi-channel approach, enables OptiBiotix to maximize the income potential of each product, whilst limiting the risk related to any individual deal. This is reflected in OptiBiotix's deal structure in which approximately 20% of deals are with companies whose annual turnover greater than one billion dollars, and the remaining 80% are with small to medium size companies who are quicker to market. Common to each partner is an existing industry reputation and an established distribution network within the target market.

This allows OptiBiotix to operate on a very asset-light infrastructure with manufacturing, regulatory approvals, and sales and marketing infrastructure funded by OptiBiotix's partners such that license and royalty fees are largely cost free. Whilst this strategy takes longer to develop than single license deals it is a low risk, low cost approach to accessing multiple consumer healthcare and pharmaceutical markets around the world, and if successful, has the potential to cumulatively generate substantive revenues and profitability in the forthcoming years.

The large number of agreements signed in 2018 across multiple application areas represents early execution of this strategy. These agreements are starting to generate recurrent revenue streams and will form the backbone of future sales growth. We anticipate further execution of this strategy in 2019 with growing revenues against a continued low-cost base creating profitable divisions across all areas of the Company.

In April 2017, OptiBiotix's majority owned skincare subsidiary, SkinBiotherapeutics (formerly SkinBiotix), was admitted to AIM with an associated £4.5 million institutional and private client investment manager fundraise. SkinBiotherapeutics plc is making solid progress in building relationships with potential commercial partners, successfully completing human studies, and building a commercial leadership team. As its partnership discussions turn into commercial agreements providing industry validation of its technology we anticipate SkinBiotherapeutics plc will grow in value whereupon OptiBiotix shareholders will benefit from the appreciation of this asset. This is an innovative business model which over time looks to give OptiBiotix shareholders a position in multiple separately listed companies, and with it the prospect of multiple returns.

As part of this strategy OptiBiotix raised £1.025 million through the issue of convertible loan notes for its wholly owned subsidiary ProBiotix Health Limited. The funds will be used to provide funding for an independent exit or potential initial public offering of ProBiotix in the UK, Europe, or the US, depending on market conditions. This is in line with OptiBiotix's strategy to form separate divisions, which could in due course become separate legal entities with the potential for a separate public listing.

Commercial

The last twelve months has seen the continued transition of OptiBiotix® from a research and development Company to a commercial business with the signing of eighteen agreements with products now being commercialised in over thirty countries. This includes a number of agreements with leading manufacturing partners within India. This introduces local manufacture to the supply chain to meet the needs of existing and new corporate partners and extend the opportunities offered by our products into the fast growing India and Southern Asia markets. We anticipate further deals with manufacturing partners in other territories as we extend the reach of OptiBiotix's products around the world.

The company has now signed twenty eight agreements since the European launch of it products at Vitafoods in May 2017, and USA product launch at Supply Side West in September 2017. These include ten agreements for the Probiotic division, six for SlimBiome®, and two for SweetBiotix®. Three of these agreements extend LP_{LDL}® into drug biotherapeutics with one agreement for SlimBiome® as a Medical Device. In the LP_{LDL}® drug biotherapeutics deals, the partner provides all funding for drug registration and approvals in return for exclusivity. With the US partner deal, OptiBiotix receives milestone and/or royalty payments based on product development and future product sales. This is a low cost, low risk approach to enter the pharmaceutical space, which, if successful, has the potential to create significant value uplift for OptiBiotix in the years ahead. Similarly, for SlimBiome®, its registration as a medical device with CE mark extends the application of SlimBiome® from food products into high value medical products and opens up access to consumer healthcare and pharmaceutical markets across Europe. This means that OptiBiotix's products are now being commercialised as food ingredients, medical devices, drug biotherapeutics, and supplements through retail and online platforms around the world.

This is all part of a commercial strategy based on closing out deals across multiple levels of the value chain, starting with manufacturing agreements (e.g Sacco, Knighton), royalty bearing license deals with formulation partners (e.g Nutrilinea, Cereal Ingredients) for the supply of white label and branded products, and distribution agreements directly with retailers. This allows OptiBiotix to develop multiple formulations and/or applications, which have the science, cost structure, and synergistic mode of action to create a wide product range, suitable for different territories in consumer health, pharmaceutical, and retail companies around the world.

Of particular note in 2018 was the signing of two deals with global partners for SweetBiotix®, sweet natural healthy sugars which are not digested in the human gut and hence calorie free. These partners are looking to explore the potential to reduce the sugar content in a range of applications, in particular dairy. These agreements are part of a number of on-going discussions with potential partners who have expertise in either the manufacturing and/or application development of high value speciality ingredients within food and beverage products. One of these partners is funding the pilot scale up and supply of two batches of SweetBiotix® for consumer testing and further application development. Investors are cautioned that discussion with corporate partners takes place within a corporate process and timescale, and are often subject to strict confidentiality clauses which prevents any disclosure of progress or otherwise.

With growing concerns over traditional sugars and artificial sweeteners there is the potential to replace existing 'unhealthy' sugars products with non-digestible, low calorie, healthy, SweetBiotix®. Publication of the results on our human studies and accompanying media reports in national newspapers such as The Times has stimulated high industry interest and we anticipate further developments and announcements in this area in the future.

The focus for 2019 is on further extending our reach into new application areas and new territories, and translating industry interest into deal flow and further revenue growth. In addition to the registration of SlimBiome® as a medical device, and the development of *LP_{LDL}*® as a pharmaceutical drug product, we will extend the application of *LP_{LDL}*® from its use as a supplement into use as a food and dairy ingredient. This is in line with our strategy of building revenues and market presence of our patented and trademarked products (LP_{LDL}®, SlimBiome®) as the 'Intel' inside a wide range of food, beverage, supplement, and medical products around the world.

The online platform launched in autumn 2018 creates another channel to market and a shop window for our technologies and products. The addition of CholBiome®, and CholBiome® 3X, and muesli pots to the store has lead to month on month increase in sales. We anticipate adding new products, including SlimBiome® Medical, to the online store and growing contribution from online sales in 2019.

Results

OptiBiotix's results for the 12 months ended 30 November 2018 are set out in the Consolidated Statement of Comprehensive Income.

The results show revenue for the year of £514K. The majority of this income (£434k) was generated in the second half of the year (June to 30 November 2018) as an increasing number of agreements started to generate revenues. These figures, albeit from a low base, represent a 543% increase in income from H1 to H2 and a 169% increase on 2017 income of £191K. As existing deals contribute to full year revenues, partners continue to grow sales with new product launches in 2019, and new agreements continue to be signed, we would hope to see continued revenue growth in 2019.

Administrative expenses for 2018 were £1,850,403, down £223,865 (17.5%) from administrative expenses of £2,074,268 in 2017. This reflected a £141,719 reduction in research and development costs (2018: £160,673; 2017: £302,392) as the company transitions from a research and development business to a commercial business. Reductions were also seen in patent and IP costs (2018: £88,003; 2017: £129,043) as patents were granted reducing filing costs, and legal and professional fees (2018: £26,563; 2017: £130,729), which were higher in 2017 due to the public listing of SkinBiotherapeutics plc. Within 2018 administration expenses of £267,943 was for non-cash expenses representing depreciation, amortisation, and share based payment devaluations.

The operating loss for the period was £1,498,896, which was £627,906 less than for the same period last year (2017: £2,126,802).

At 30 November 2018, the Company had £1.33 million cash in the bank. Once R&D tax credits, and recoverable VAT are added back, the balance was c. £1.67 million. On 14 December 2018, post accounting period, Probiotix Health Ltd, a wholly owned subsidiary of OptiBiotix Health, announced it had raised £1.025 million of capital through the issue of convertible loan notes in preparation for a potential initial public offering. Of this £198K was received before 30 November with the remaining received post accounting period. With this funding and growing revenues, the cash position remains strong and sufficient to cover the delivery of existing commercial plans.

The share of loss from OptiBiotix's associate, SkinBiotherapeutics (SBTX), has increased substantially from £294,278 in 2017 to £448, 223 in 2018, representing an increase in SkinBiotherapeutics scientific and clinical activity. This is an accounting adjustment and has no impact on the Groups cash balance.

Board and Management

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

We were pleased to announce the appointment of Neil Davidson CBE as Non-Executive Chairman in January 2018 and Sean Christie, as a Non-Executive Director, who joined us in September 2018. Neil brings to the Board over thirty years of operational and Board experience as Chairman and Chief Executive of FTSE 100, AIM, and private companies. Sean brings financial, investor and M&A expertise and a strong track record of delivering revenue growth and creating shareholder value. Both come with a wide network of contacts in the food industry and a wealth of experience on the Board of some of the UK's largest public companies. Their addition to the board increases the Company's sector specific expertise and brings experience of working within a large publicly listed company.

We believe with the addition of Neil and Sean, we have a well-balanced Board with scientific and commercial expertise in the founder and Chief Executive Stephen O'Hara and market expertise in Non-Executive Director Peter Wennström, one of the world's leading experts in functional food innovation and marketing. Dr Sofia Kolyda as Director of Research and Development brings specialised expertise in prebiotics. They are complemented by Christina Wood who brings sales and marketing expertise and our CFO Mark Collingbourne.

Gareth Barker will step down from the board at the end of April 2019 due to work commitments in his new role. Gareth was Vice President of Human Nutrition & Health (EMEA) at DSM and took on a new role of President of Personal Care and Aroma Ingredients at DSM in early 2018. On behalf of the Board, I would like to thank Gareth for his contribution in helping guide OptiBiotix through its early developmental years and wish him well in his new role at DSM.

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.

At the end of the accounting period we announced that Dr Fred Narbel would join the board as Managing Director of the prebiotic division containing its SweetBiotix®, OptiBiotic® and microbiome modulating technology platforms. Frederic was Vice President of Sales for Nutrition Solutions at Agropur, a company with annualised sales of $6.4 billion (2017), and joined us on 1 March 2019. This appointment reflects the growing partner interest in OptiBiotix's microbiome modulators and SweetBiotix®. Fred's experience of speciality food ingredients will help drive the commercialisation of OptiBiotix's pipeline of products, and in time, add another revenue stream to the growing revenues from OptiBiotix's LP_{LDL}® and SlimBiome® products.

Outlook

The last twelve months have seen the continued transition of OptiBiotix from a research and development business to a company showing strong commercial traction for its award winning products and technologies, with significant deal flow and rapidly growing revenues.

We anticipate further revenue growth in 2019 as existing deals contribute to full year revenues, and partners continue to grow sales. More of our existing agreements will start to generate revenues in 2019, particularly with larger partners launching products in international markets in late 2019, and new agreements continue to be signed in 2019.

We anticipate further revenue growth will occur from our online platform (OPTIBIOTIX.Online), which has been making good progress under the leadership of Steve Riley. Sales have increased month on month as we have extended our range with the launch of new products (e.g. Muesli, CholBiome®), and invested in a mixture of digital and newspaper advertising. To support online sales growth we anticipate adding new products, including SlimBiome® Medical, to the online store and extending the GoFigure® product range. We anticipate revenues in 2019 from SlimBiome® Medical (which received its CE mark and medical device registration at the end of the accounting period), and our SweetBiotix®, OptiBiotic® and microbiome modulating platforms. Revenue growth from these areas will benefit from the appointment of Frederic Narbel as Managing Director of OptiBiotix's prebiotic division.

We are seeing growing interest from international partners in OptiBiotix's own label CholBiome® and GoFigure® brands and intend to invest in marketing to build the brand. If this is successful we believe there are opportunities to leverage the brand to launch OptiBiotix own label products with partners across the world and build substantive value in these assets. This is being supported by a large investment in patents and trademarks to broaden protection in international markets. OptiBiotix now has an extensive and valuable intellectual property portfolio of over ninety patents and forty trademarks.

The Company will continue to invest in its science and clinical studies and present these in peer reviewed scientific journals and at international conferences, with the endorsement of world key opinion leaders. These presentations and publications raise OptiBiotix's profile and reputation, attract commercial and media interest in our products, and provide the scientific evidence for sales and marketing literature in support of product commercialisation. We are particularly pleased that our science continues to win awards at scientific conferences as this increases industry interest. We were particularly pleased to win the best scientific abstract at ProBiota 2018 with DSM for the first reported publication of an optimised prebiotic for LGG®, contained within DSM's Culturelle® range. 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 $46.5 billion by 2020 (Markets and Markets).

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 and an area of significant potential growth in 2019. With supplements alone accounting for US$2.06 billion sales and projected to grow by 55% to US$3.3 billion by 2021, and food and beverage products accounting for $5 billion per annum, ("*Trends, Innovations and Opportunities Driving The Global Probiotics Market, Euromonitor International June 2017*"), the US is a large and rapidly growing market opportunity for probiotics such as LP_{LDL}®. We were pleased to announce post year end, in February 2019, that the Independent Expert Panel ruled in favour of LP_{LDL}® GRAS status. This is a significant achievement and a major commercial milestone for the US market as it expands the potential applications of LP_{LDL}® from use as a supplement to inclusion as a functional ingredient in a wide range of food, dairy, beverage, and high value medical food applications, across the USA. The regulatory approval and extension of our products into other application areas, particularly food and beverages, 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 of national and international partners in the future.

With a population of 1.3 billion people and cardiovascular disease accounting for up to 26% of all deaths (The Times of India June 8, 2014), 15-20% of children overweight, and 60-70% of adolescents remaining overweight or obese in their adulthood years India represents a substantial opportunity for OptiBiotix's products. In a recent visit to India the Company met with around thirty companies who identified a growing trend within India to improve Health and Wellbeing and an interest in products to help manage lifestyle diseases like heart disease and obesity. We believe India offers a substantial business opportunity which if realised could deliver multimillion pound revenues annually.

OptiBiotix's 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, our aim is to 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, Europe, or the US, depending on market conditions. This allows OptiBiotix shareholders to benefit from the appreciation of this asset plus any dividends which may be returned in recognition of this value uplift. 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 transition from a technology to product company requires a different focus and skill set. The appointment of Neil Davidson and Sean Christie is the start of the process of bringing board level sector and

FTSE100 expertise into the company. We are pleased that both Neil and Sean have invested in the region of £450,000 in OptiBiotix since their appointment early in 2018. This level of financial commitment from such established industry leaders as new board members provides reassurance to the Board on its strategy.

The Company is developing technology and products in the microbiome space, a market growing at 22.3% per year, and described by health experts as "healthcare's most promising and lucrative frontier" (Markets and Markets). The Board believes OptiBiotix® is at the leading edge in this space and has the right strategy, team, and award winning technology and products in place, to build a substantive business over the next few years. We are particularly pleased by the results customers are achieving with our products with substantive reductions in cholesterol using CholBiome® X3 and typical weight loss of 2-3lbs per week with SlimBiome® and GoFigure® products.

The last twelve months has seen continued progress in building a broad-based microbiome business with a diversity of IP and commercial agreements which provides shareholders with multiple opportunities. The large number of agreements signed in 2018 across multiple application areas and territories represent early tangible evidence of this progress. The next stage of the process is to build on existing revenues streams to continue building sales in 2019 against a continued low-cost base creating profitable divisions across all areas of the Company.

We are pleased that our strategy of developing microbiome products with a strong scientific and clinical evidence base with key opinion leader support has provided clear product differentiation and stimulated high commercial interest. We look forward to converting this interest into agreements in new territories and application areas in the months ahead to continue rapidly growing revenues in this new and exciting area of science which has the potential to revolutionise the future of healthcare.

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

N Davidson and S OHara

26 April 2019

Strategic Report
For the year ended 30 November 2018

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 2 to 12.

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 23 of the financial statements.

The Board's objective is to maintain a balance sheet that is both efficient and delivers long term shareholder value. The Group had cash balances of £1,324,307 as at 30 November 2018 and had no short-term borrowings. The Board continues to monitor the balance sheet to ensure it has an adequate capital structure.

Principal Risks And Uncertainties

Market Risks	Impact	Mitigation
Brexit	New regulations could add complexity and delays to operations. Currency fluctuations could increase costs and affect profitability.	The current consensus is that Brexit will not affect the regulations that are relevant to our business. Currency fluctuations will impact both sales and costs. Our initial product offering is not price-sensitive. Substantial cost increases will be passed on.
Technology	The Group's platform is currently unique. Rapid technological advances could see competitor products being launched.	The Group has product development plans in place for improved technology as well as for a wider product portfolio that includes additional innovative solutions for the targeted consumer groups.

Operational Risks	Impact	Mitigation
Technology	The Group is launching products that are not already available in the consumer market.	The Group has responded to consumer demand.
Commercialisation	The Group is making the transition from a research-based organisation to a full commercial organisation. Manufacturing set-up and learning curve could delay sales or could impact our rate of growth.	The Group recruited experienced management and consultants to manage the process and negotiate contracts.

Financial Risks	Impact	Mitigation
Future funding requirements	Our current funding covers current requirements. Potential as yet unidentified opportunities may not be pursued with the existing funding.	Management will analyse major opportunities and present them in additional business cases when warranted.

Legal Risks	Impact	Mitigation
Intellectual Property litigation	Any claim brought against us would detract the Company from its business.	The Group engages with IP specialists to ensure we have a strong position. To our knowledge we do not infringe on any patents.

Key Performance Indicators

Financial	Year to 30 November 2018 £'000	Year to 30 November 2017 £'000
Revenue	514	191
Profit/(Loss) for the period	(1,893)	1,918
Cash as at 30 November 2018	1,324	1,247

During the year to 30 November 2018 the company has achieved a number of key objectives which continue to build shareholder value. These include:

- Eighteen commercial agreements with manufacturing, application and distribution partners
- Award for SlimBiome® for Weight Management Ingredient of the Year at Vitafoods 2018 and 'Best Functional Ingredient for Health and Wellbeing' at Food Matters
- Award for best scientific abstract at ProBiota 2018 for the identification and development of a prebiotic which selectively enhances the growth of *Lactobacillus rhamnosus GG* ("LGG®")
- The granting of medical device status and a CE mark for SlimBiome®
- The appointment of Neil Davidson as Non-executive Chairman bringing sector and FTSE 100 experience to the company.

Non-financial

The Board recognises the importance of KPIs in driving appropriate behaviour and enabling of Group performance. For the year to 30 November 2018 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 2018.

Future Developments

The Chairman's and Chief Executive Statement on pages 2-12 gives information on the future outlook of the Group.

On Behalf Of The Board

S P O'Hara
26 April 2019

The Directors present their report and the audited financial statements of the Group for the year to 30 November 2018.

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
C Wood
P Rehne
S Kolyda (Appointed on 4 July 2018)
F Narbel (Appointed on 1 March 2019)

Non-executive Directors

G Barker
P Wennström
R Davidson (Appointed on 1 January 2018)
M Christie (Appointed on 10 September 2018)

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 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	Option exercise price
S P O'Hara	10,103,031	11.8%	–	–	6,099,135	£0.08
R Davidson	478,000	0.56%			385,000	£0.73
P Wennström	–	–	–	–	–	–
M Christie	125,000	0.14%			100,000	£0.95
G Barker	357,722	0.42%	–	–	–	–
C Wood	–	–	–	–	500,000	£0.695
F Narbel	–	–	–	–	500,000	£0.785
S Kolyda	–	–	–	–	165,000	£0.73
S Kolyda	–	–	–	–	358,722	£0.20

The share options held by S P O'Hara were granted on 17 September 2016 and are exercisable at £0.08 at any time up 16 September 2024, subject to vesting conditions.

The share options held by R Davidson were granted on 13 July 2018 and are exercisable at £0..73 at any time up 13 July 2024, subject to vesting conditions.

The share options held by M Christie were granted on 21 September 2018 and are exercisable at £0.95 at any time up 21 September 2028, subject to vesting conditions.

The share options held by F Narbel were granted on 27 March 2019 and are exercisable at £0.785 at any time up 27 March 2029, subject to vesting conditions.

The 358,772 share options held by S Kolyda were granted on 10 March 2015 and are exercisable at £0.20 at any time up 10 March 2025, subject to vesting conditions.

The 165,000 share options held by S Kolyda were granted on 13 September 2018 and are exercisable at £0.73 at any time up 13 September 2019, subject to vesting conditions.

The share options held by C Wood were granted on 29 June 2017 and are exercisable at £0.695 at any time up to 29 June 2027, subject to vesting conditions.

Substantial Shareholdings

Substantial shareholdings including Directors as at 23 April 2019 were as follows:

	% of shares issued
Stephen O'Hara	11.18
Finance Yorkshire Seedcorn LP	11.05

The share price per share at 30/11/2018 was £0.92 (30/11/2017: £0.69)

Financial Instruments

The Group's exposure to financial risk is set out in Note 23 to the financial statements.

Research And Development

The Chairman's and Chief Executive Statement on page 2-12 gives information on the Group's research and development activities.

Political And Charitable Contributions

The Group made no charitable or political contributions during the period.

Events After The Reporting Period

Refer to Note 24 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 European 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 13.

On Behalf Of The Board

S P O'Hara
26 April 2019

Independent Auditor's Report to the Members of OptiBiotix Health Plc
For the year ended 30 November 2018

Opinion

We have audited the financial statements of OptiBiotix Health Plc (the 'parent company') and its subsidiaries (the 'Group') for the year ended 30 November 2018 which comprise the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, company statement of changes in equity, consolidated statement of financial position, company statement of financial position, consolidated statement of cash flows, company statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union as applied in accordance with the provision of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 30 November 2018 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRS's as adopted by the European Union as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Our audit approach

Overview

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

- Carrying value of investments and recoverability of receivables
- Capitalisation of development costs and carrying value of intangible assets

These are explained in more detail below

Audit scope

- We conducted audits of the complete financial information of OptiBiotix Health Plc, OptiBiotix Limited, The Healthy Weight Loss Company Limited and ProBiotix Health Limited.
- We performed specified procedures over certain account balances and transaction classes at other Group companies.
- Taken together, the Group companies over which we performed our audit procedures accounted for 100% of the absolute profit before tax (i.e. the sum of the numerical values without regard to whether they were profits or losses for the relevant reporting units) and 100% of revenue.

Key audit matter	How our audit addressed the key audit matter
Carrying value of investments and recoverability of Group receivables – Company Risk The amount owed to the Company at the year- end by the subsidiary OptiBiotix Limited is £4,044,646. The carrying value of investments in Group companies are as follows: OptiBiotix Limited : £2,000,000 ProBiotix Health Limited : £1,000 The Healthy Weight Loss Company Limited : £50,000 Impairment of The Healthy Weight Loss Company Limited: As the company has not been trading as of September 2018, the Directors feel it is prudent to write down the investment to £50,000 to reflect change in trading status. The remaining investment reflects the value of the 'gofigure' brand held. **Carrying value of investments – Group Risk** At the year end the Group had investments of £3.74 million made up of the investment in SkinBiotherapeutics plc. The Directors have assessed whether the investment in SkinBiotherapeutics plc requires impairment and have concluded that it does not, by reference to the company's share price.	We carried out a review of the investments held in the subsidiaries. Management's impairment workings were reviewed and the underlying assumptions audited. We reviewed management's basis for impairment across the Company and agree with their approach. As part of the review of management's forecasts, consideration was given to the capability of the subsidiary to repay the amount within a 12-month period. The estimation of the residual value held in The Healthy Weight Loss Company Limited has been assessed. We reviewed the investment in SkinBiotherapeutics plc for impairment, with particular consideration given to the fact that the market value of OptiBiotix Health Plc's holding at the year-end was greater than the carrying value of the investment.
Carrying value of intangible assets and capitalisation of development costs The Group had intangible assets of £2.25 million at the year ended 31 December 2018 (2017: £1.92 million), of which £467,639 (2017: £Nil) were development costs capitalised in the year. The remaining costs are comprised of the fair value of patents acquired on the acquisition of OptiBiotix Limited. The Directors have assessed whether intangible assets require impairment and have concluded that they do not. The patents are amortised in a straight line over 20 years, the period in which the Directors believe the assets will generate revenue. The development costs are amortised in a straight line over 10 years, a period the Directors believe to be in line with industry standard.	Intangible assets in the accounts have been allocated useful lives and therefore an annual impairment test is not required. However, as OptiBiotix Limited is loss making we considered if there were indicators of impairment and reviewed the discounted cash flow forecasts. The development costs capitalised in the year were evaluated against the recognition criteria of IAS38. The estimated useful economic life assigned to the costs was reviewed.

Our Application Of Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgment, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Company financial statements
Overall materiality	£126,000 (2017: £94,000).	£120,000 (2017: £52,000).
How we determined it	1.5% of gross assets. (2017: average of 3% revenue, 10% profit/loss before tax, 1% gross assets).	1% of gross assets. (2017: average of 3% revenue, 10% profit/loss before tax, 1% gross assets).
Rationale for benchmark applied	We believe that gross assets is a primary measure used by shareholders in assessing the performance of the Group, whilst the subsidiaries are in varied states of development and trading.	We believe that gross assets is a primary measure used by shareholders in assessing the performance of the Company, given that it is largely a holding company for the trading subsidiaries.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was between £41,000 and £52,000.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £6,300 for the Group (2017: £4,700) and £6,000 for the Parent as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

An overview of the scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the Directors made subjective judgments, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the Company, the accounting processes and controls, and the industry in which they operate.

The Group financial statements are a consolidation of 4 reporting units, comprising the Group's operating businesses and holding companies.

We performed audits of the complete financial information of OptiBiotix Health plc, OptiBiotix Limited and The Healthy Weight Loss Company Limited reporting units, which were individually financially significant and accounted for 100% of the Group's revenue and 100% of the Group's absolute profit before tax (i.e. the sum of the numerical values without regard to whether they were profits or losses for the relevant reporting units). The Group engagement team performed all audit procedures.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements [and the part of the Directors' remuneration report to be audited] 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.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on pages 16-17, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters which we are required to address

We were appointed as auditors by the company at the Annual General Meeting on 11 June 2018 to audit the financial statements for the period ending 30 November 2018. Our total uninterrupted period of engagement is 5 years, covering the periods ending 30 November 2014 to 30 November 2018.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the parent company and we remain independent of the Group and the parent company in conducting our audit.

In addition to the audit, the firm provides tax compliance services to OptiBiotix Health Plc and its subsidiaries.

Our audit opinion is consistent with the additional report to the audit committee.

Use of this report

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 auditor's 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.

Sudhir Rawal
(Senior Statutory Auditor)

For and on behalf of

Jeffreys Henry LLP, Statutory Auditor
Finsgate
5-7 Cranwood Street
London
EC1V 9EE

26 April 2019

Consolidated Statement of Comprehensive Income

For the year ended 30 November 2018

	Notes	Year ended 30 November 2018 £	Year ended 30 November 2017 £
Revenue		514,289	191,073
Cost of sales		(162,782)	(73,706)
Gross Profit		351,507	117,367
Share based payments		128,222	56,932
Depreciation and amortisation		141,908	119,966
Other administrative costs		1,580,273	2,067,271
Total administrative costs	6	(1,850,403)	(2,244,169)
Operating (loss)		(1,498,896)	(2,126,802)
Finance cost	5	–	(6,154)
Finance income	5	169	142
		169	(6,012)
Share of loss from associate		(448,223)	(294,278)
Profit on disposal of subsidiary	12	–	4,116,286
Profit/(loss) before Income tax		(1,946,950)	1,689,194
Income tax	7	54,371	228,447
Profit/(loss) for the period		(1,892,579)	1,917,641
Other comprehensive income		–	–
Total comprehensive income for the period		(1,892,579)	1,917,641
Total comprehensive income attributable to:			
Owners of the company		(1,919,276)	1,907,441
Non-controlling interests		26,697	10,200
		(1,892,579)	1,917,641
Earnings per share from continued operations			
Basic profit/(loss) per share – pence	8	(2.33)p	2.43p
Diluted profit/(loss) per share – pence		(2.33)p	2.17p

The notes on pages 33 to 53 form part of these financial statements

Consolidated Statement of Financial Position

As at 30 November 2018

	Notes	As at 30 November 2018 £	As at 30 November 2017 £
ASSETS			
Non-current assets			
Intangibles	10	2,253,089	1,927,226
Property, plant & equipment	11	3,143	6,561
Investments	12	3,740,799	4,189,022
		5,997,031	6,122,809
CURRENT ASSETS			
Inventories	13	30,433	8,890
Trade and other receivables	14	373,803	106,122
Current tax asset	7	303,952	183,951
Cash and cash equivalents	15	1,324,307	1,247,431
		2,032,495	1,546,394
TOTAL ASSETS		8,029,526	7,669,203
EQUITY			
Shareholders' Equity			
Called up share capital	16	1,694,488	1,586,628
Share premium		1,603,904	6,279,718
Share based payment reserve		602,739	474,517
Merger relief reserve		1,500,000	1,500,000
Retained Earnings		1,624,348	(2,805,347)
Non-controlling interest		36,897	10,200
Total Equity		7,062,376	7,045,716
LIABILITIES			
Current liabilities			
Trade and other payables	18	520,989	239,395
		520,989	239,395
Non – current liabilities			
Deferred tax liability	19	446,161	384,092
		446,161	384,092
TOTAL LIABILITIES		967,150	623,487
TOTAL EQUITY AND LIABILITIES		8,029,526	7,669,203

These financial statements were approved and authorised for issue by the Board of Directors on 26 April 2019 and were signed on its behalf by:

S P O'Hara
Director
Company Registration no. 05880755
The notes on pages 33 to 53 form part of these financial statements

Consolidated Statement of Changes in Equity

For the year ended 30 November 2018

	Called up Share capital £	Retained Earnings £	Share Premium £	Non-Controlling interest £	Merger Relief Reserve £	Share-based Payment reserve £	Total equity £
Balance at 30 November 2016	7,196,010	(10,345,513)	6,144,357	90,692	1,500,000	417,585	5,003,131
Profit for the year	–	1,907,441	–	10,200	–	–	1,917,641
Issues of shares during the year	23,343	–	135,361	–	–	–	158,704
Share options and warrants	–	–	–	–	–	56,932	56,932
Non-controlling Interest	–	–	–	(90,692)	–	–	(90,692)
Cancellation of shares during the year	(5,632,725)	5,632,725	–	–	–	–	–
Balance at 30 November 2017	1,586,628	(2,805,347)	6,279,718	10,200	1,500,000	474,517	7,045,716
Loss for the year	–	(1,919,276)	–	26,697	–	–	(1,892,579)
Issues of shares during the year	107,860	–	1,673,157	–	–	–	1,781,017
Share options and warrants	–	–	–	–	–	128,222	128,222
Cancellation of share premium account	–	6,348,971	(6,348,971)	–	–	–	–
Balance at 30 November 2018	**1,694,488**	**1,624,398**	**1,603,904**	**36,897**	**1,500,000**	**602,739**	**7,062,376**

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

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.

Retained earnings represents the cumulative profits and 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 33 to 53 form part of these financial statements

Consolidated Statement of Cash Flows

For the year ended 30 November 2018

	Notes	Year ended 30 November 2018 £	Year ended 30 November 2017 £
Cash flows from operating activities			
Cash utilised by operations	1	(1,233,717)	(1,895,285)
Interest received		169	142
Taxation		–	141,902
Net cash outflow from operating activities		(1,233,548)	(1,753,241)
Cash flows from investing activities			
Purchases of property, plant and equipment		(2,954)	(1,804)
Purchase of intangible assets		(469,639)	(43,381)
Disposal of subsidiary net of cash balances		–	(228,212)
Net cash outflow from investing activities		(470,593)	(273,397)
Cash flows from financing activities			
Share issues		1,781,017	158,703
Net cash inflow from financing activities		1,781,017	158,703
Increase/(decrease) in cash and equivalents		76,876	(1,867,935)
Cash and cash equivalents at beginning of year		1,247,431	3,115,366
Cash and cash equivalents at end of year	15	1,324,307	1,247,431

The notes on pages 33 to 53 form part of these financial statements

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

	Year ended 30 November 2018 £	Year ended 30 November 2017 £
Operating loss	(1,498,896)	(2,126,802)
(Increase)/Decrease in inventories	(21,543)	17,735
Increase in trade and other receivables	(267,681)	(172,336)
Increase in trade and other payables	281,594	209,220
Depreciation charge	2,187	6,998
Share Option expense	128,222	56,932
Amortisation of patents and development costs	139,721	112,968
Loss on disposal of tangible and intangible assets	2,679	–
Net cash outflow from operations	(1,233,717)	(1,895,285)

2. Cash and Cash Equivalents

	Year ended 30 November 2018 £	Year ended 30 November 2017 £
Cash and cash equivalents	1,324,307	1,247,431

The notes on pages 33 to 53 form part of these financial statements

Company Statement of Financial Position

As at 30 November 2018

	Notes	As at 30 November 2018 £	As at 30 November 2017 £
ASSETS			
Non-current assets			
Investments	12	6,534,300	6,633,299
Other receivables	14	4,242,286	–
		10,776,586	6,633,299
CURRENT ASSETS			
Trade and other receivables	14	9,242	2,726,860
Cash and cash equivalents	15	1,167,437	1,007,769
		1,176,679	3,734,629
TOTAL ASSETS		11,953,265	10,367,928
EQUITY			
Shareholders' Equity			
Called up share capital	16	1,694,488	1,586,628
Share premium		1,603,904	6,279,718
Merger relief reserve		1,500,000	1,500,000
Share based payment reserve		602,739	474,517
Accumulated profit		6,323,134	470,658
Total Equity		11,724,265	10,311,521
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	18	229,000	56,407
TOTAL LIABILITIES		229,000	56,407
TOTAL EQUITY AND LIABILITIES		11,953,265	10,367,928

These financial statements were approved and authorised for issue by the Board of Directors on 26 April 2019 and were signed on its behalf by:

S P O'Hara

Director

Company Registration no. 05880755

The notes on pages 33 to 53 form part of these financial statements

Company Statement of Changes in Equity

For the year ended 30 November 2018

	Called up Share capital £	Retained Earnings £	Share Premium £	Merger Relief Reserve £	Share-based Payment reserve £	Total equity £
Balance at 30 November 2016	7,196,010	(8,522,570)	6,144,357	1,500,000	417,585	6,735,382
Profit for the period	–	3,360,503	–	–	–	3,360,503
Issues of shares during the year	23,343	–	135,361	–	–	158,704
Share options and warrants	–	–	–	–	56,932	56,932
Cancellation of shares during the period	(5,632,725)	5,632,725	–	–	–	–
Balance at 30 November 2017	1,586,628	470,658	6,279,718	1,500,000	474,517	10,311,521
Loss for the period	–	(496,495)	–	–	–	(496,495)
Issues of shares during the year	107,860	–	1,673,157	–	–	1,781,015
Share options and warrants	–	–	–	–	128,222	128,222
Cancellation of share premium account	–	6,348,971	(6,348,971)	–	–	–
Balance at 30 November 2018	**1,694,488**	**6,323,134**	**1,603,904**	**1,500,000**	**602,739**	**11,724,265**

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

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.

Retained earnings represents the cumulative profits and losses of the Company attributable to the owners of the company.

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

The notes on pages 33 to 53 form part of these financial statements

Company Statement of Cash Flows

For the year ended 30 November 2018

	Notes	30 November 2018 Year ended £	30 November 2017 Year ended £
Cash flows from operating activities			
Cash utilised by operations	1	(1,620,434)	(1,263,554)
Interest received		85	64
Net cash outflow from operating activities		(1,620,349)	(1,263,490)
Cash flows from investing activities			
Investment in subsidiaries		(1,000)	(74,895)
Net cash outflow from investing activities		(1,000)	(74,895)
Cash flows from financing activities			
Share issues		1,781,017	158,703
Net cash inflow from financing activities		1,781,017	158,703
Increase/(decrease) in cash and equivalents		159,668	(1,179,682)
Cash and cash equivalents at beginning of year		1,007,769	2,187,451
Cash and cash equivalents at end of year	15	1,167,437	1,007,769

The notes on pages 33 to 53 form part of these financial statements

Notes to the Company Statement of Cash Flows

For the year ended 30 November 2018

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

	Year ended 30 November 2018 £	Year ended 30 November 2017 £
Operating loss	(496,495)	(462,696)
(Increase)/decrease in trade and other receivables	(1,327,028)	(838,784)
(Decrease)/increase in trade and other payables	172,593	(18,943)
Share Option expense	128,222	56,932
Interest received	197,725	64
Impairment losses	99,999	–
Net cash outflow from operations	(1,620,434)	(1,263,554)

2. Cash and Cash Equivalents

	As at 30 November 2018 £	As at 30 November 2017 £
Cash and cash equivalents	1,167,437	1,007,769

The notes on pages 33 to 53 form part of these financial statements

Notes to the Financial Statements

For the year ended 30 November 2018

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 (IFRS), International Accounting Standards (IASs) and International Financial Reporting Interpretations Committee (IFRIC) interpretations (collectively 'IFRS') 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 IFRS 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.

The following new standards, amendments to standards, and interpretations have been issued, but are not effective for the financial period beginning 1 December 2017 and have not been early adopted:

New Standards, amendments and interpretations issued but not effective

Reference	Title	Summary	Application date of standard	Application date of Company
IFRS 2	Share based payments	Amendments to classification and measurement of share-based payment transactions	Periods commencing on or after 1 January 2018	1 December 2018
IFRS 4	Insurance contracts	Amendments regarding implementation of IFRS 9	Periods commencing on or after 1 January 2018	1 December 2018
IFRS 9	Financial Instruments	Revised standard for accounting for financial instruments	Periods commencing on or after 1 January 2018	1 December 2018

2. Accounting Policies (continued)

Reference	Title	Summary	Application date of standard	Application date of Company
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 40	Investment property	Amendment regarding the transfer of property	Periods commencing on or after 1 January 2018	1 December 2018

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.

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 30th 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.

2. Accounting Policies (continued)

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.

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.

Investments in associates

Associates are those entities in which the Group has significant influence, but not control or joint control over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity. Investments in associates are accounted for under the equity method and are recognised initially at cost. The cost of the investment includes transaction costs.

The consolidated financial statements include the Group's share of profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

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.

2. Accounting Policies (continued)

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.

Inventory

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

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 include cash in hand and deposits held on call, together with other short term highly liquid investments which are not subject to significant changes in value and have original maturities of less than three months.

2. Accounting Policies (continued)

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.

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 2018.

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.

2. Accounting Policies (continued)

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.

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.

2. Accounting Policies (continued)

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. Research and developments that have been capitalised in line with the recognition criteria of IAS38 have been estimated to have a useful economic life of 10 years. These estimates will be reviewed annually and revised if the useful life is deemed to be lower based on the trading business or any changes to patent law.

- Impairment Reviews

  IFRS requires management to undertake an annual test for impairment of indefinite lived assets and, for finite lived assets to test for impairment if events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Impairment testing is an area involving management judgement, requiring assessment as to whether the carrying value of assets can be supported by the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate. In calculating the net present value of the future cash flows, certain assumptions are required to be made in respect of highly uncertain matters.

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.

4. Employees and Directors

	Year ended 30 November 2018 £	Year ended 30 November 2017 £
Wages and salaries	23,274	141,185
Director's remuneration	576,228	463,965
Director's Fees	41,083	70,500
Social security costs	79,319	58,456
Pension costs	54,385	36,360
	774,289	770,446

	Year ended 30 November 2018 No.	Year ended 30 November 2017 No.
The average monthly number of employees during the year was as follows:		
Directors	8	6
Research and development	2	2
	10	8

	Year ended 30 November 2018 £	Year ended 30 November 2017 £
Directors' remuneration and fees	572,311	475,350
Directors' share based payments	120,793	46,173
Bonus	45,000	38,000
Pension	53,834	35,592
Total emoluments	791,938	595,115
Emoluments paid to the highest paid Director	212,897	212,800

Included on total emoluments paid to Directors are capitalised wages of £221,703.

4. Employees and Directors (continued)

Directors' remuneration

Details of emoluments received by Directors of the Group for the year ended 30 November 2018 are as follows:

	Remuneration, Pension and fees £	Share based payments £	Total £
A Reynolds*	5,083	–	5,083
S P O'Hara	212,897	–	212,897
G Barker*	18,000	13,710	31,710
M Christie	5,603	2,185	7,788
R Davidson	50,417	7,429	57,846
S Kolyda	87,187	21,139	108,326
P Wennström*	18,000	–	18,000
P Rehne	144,054	38,165	182,219
C Wood	129,904	38,165	168,069
Total	671,145	120,793	791,938

*For disclosure in relation to Directors' fees please refer to note 20.

5. Net Finance Income/(Costs)

	Year ended 30 November 2018 £	Year ended 30 November 2017 £
Finance Income:		
Bank Interest	169	142
Finance Costs:		
Loan interest	–	(6,154)
Net Finance Income/(Costs)	169	(6,012)

6. Expenses – analysis by nature

	Year ended 30 November 2018 £	Year ended 30 November 2017 £
Research and development	160,673	302,392
Directors' fees & remuneration (Note 4)	449,442	513,350
Wages and Salaries	–	141,185
Staff training and recruitment	–	57,678
Auditor remuneration – audit fees (Company only nil (2017: £16,000))	50,984	34,000
Auditor remuneration – non audit fees	2,309	2,300
Brokers & Advisors	86,414	71,360
Advertising & marketing	48,201	73,728
Share based payments charge	128,222	56,932
Depreciation on property, plant and equipment	2,187	6,998
Amortisation of patents and development costs	139,721	112,969
Patent and IP costs	88,003	129,043
Consultancy fees	146,559	202,838
Legal and professional fees	26,563	130,729
Public Relations costs	152,082	43,860
Travel costs	120,541	79,400
Other expenses	248,502	285,407
Total administrative expenses	1,850,403	2,244,169

7. Income Tax

	Year ended 30 November 2018 £	Year ended 30 November 2017 £
Corporation tax credit	(120,000)	(183,951)
Corporation tax credit prior year	–	(21,902)
Deferred tax movement	62,069	(22,594)
Overseas tax suffered	3,560	–
Total taxation	(54,371)	(228,447)

7. Income Tax (continued)

Analysis of tax expense

No liability to UK corporation tax arose on ordinary activities for the year ended 30 November 2018 nor for the year ended 30 November 2017.

	Year ended 30 November 2018 £	Year ended 30 November 2017 £
Profit (Loss) on ordinary activities before income tax	(1,946,950)	1,689,194
Loss on ordinary activities multiplied by the standard rate of corporation tax in UK of 19.33% (2017 – 19.33%)	(376,345)	326,521
Effects of:		
Disallowables	62,061	124,946
Income not taxable	–	(793,300)
R&D enhanced deductions	(122,086)	(138,607)
Effect of research & development tax credit	(120,000)	(205,854)
Capital allowances	571	–
Amortisation	27,008	843
Revenue items capitalised	(90,395)	(991)
Overseas tax suffered	3,560	–
Other timing differences	62,069	(22,594)
Unused tax losses carried forward	500,372	480,589
Tax credit	(54,371)	(228,447)

The Group has estimated losses of £1,646,423 (2017: £1,760,341) and estimated excess management expenses of £2,093,197 (2017: £2,091,815).

The tax losses have resulted in a deferred tax asset at 19% of approximately £710,528 (2017: £732,676) which has not been recognized as it is uncertain whether future taxable profits will be sufficient to utilise the losses.

	2018 £	2017 £
Current tax asset – Group		
Balance brought forward	183,952	–
Research & development tax credit claimed	120,000	183,952
Balance carried forward	303,952	183,952

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:

Basic and diluted EPS	Earnings £	2018 Weighted average Number of shares No.	Profit per-share Pence
Basic EPS	(1,919,276)	82,233,690	(2.33)p
Diluted EPS	(1,919,276)	82,233,690	(2.33)p

	Earnings £	2017 Weighted average Number of shares No.	Profit per-share Pence
Basic EPS	1,907,641	78,586,791	2.43
Diluted EPS	1,907,641	87,831,953	2.17

As at 30 November 2018 there were 6,041,057 (2017: 7,845,237) outstanding share options and 1,045,524 (2017: 1,399,925) outstanding share warrants. As the Group was loss making in the year, the options and warrants are considered anti-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 loss for the parent Company for the year was £496,495 (2017: Profit £3,360,503).

10. Intangible assets

Group	Development Costs and Patents £
Cost	
At 1 December 2016	2,421,582
Additions	43,382
Disposals	(198,834)
At 30 November 2017	2,266,130
Additions	467,639
Disposals	(6,763)
At 30 November 2018	2,727,006
Amortisation	
At 1 December 2016	225,936
Amortisation charge for the year	112,968
At 30 November 2017	338,904
Amortisation charge for the year	139,721
Eliminated on disposal	(4,708)
At 30 November 2018	473,917
Carrying amount	
At 30 November 2018	2,253,089
At 30 November 2017	1,927,226

11. Property, plant and equipment

	Group £
Cost	
At 30 November 2016	13,615
Additions	1,804
At 30 November 2017	15,419
Additions	2,954
Disposals	(9,912)
At 30 November 2018	**8,461**
Depreciation	
At 30 November 2016	1,860
Charge for the year	6,998
At 30 November 2017	8,858
Charge for the year	2,187
Eliminated on disposal	(5,727)
At 30 November 2018	**5,318**
Carrying amount	
At 30 November 2018	**3,143**
At 30 November 2017	6,561

12. Investments

Set out below is the associate of the Group as at 30 November 2018 which is material to the Group. The entity listed below have share capital consisting solely of ordinary shares, which are held by the Group. The country of incorporation is also the principal place of business and the proportion of ownership interest is the same as the proportion of voting rights held.

Group: Investments in associate undertakings

	£
Cost	
At 30 November 2017	4,189,022
Share of Loss	(448,223)
At 30 November 2018	**3,740,799**
Carrying amount	
At 30 November 2018	**3,740,799**
At 30 November 2017	4,189,022

12. Investments (continued)

As at 30 November 2018, the Group directly held the following associates:

Name of company	Principal activities	Country of incorporation and place of business	Proportion of equity interest 2018
SkinBioTherapeutics Plc	Research & Development	United Kingdom	41.9% of ordinary shares

Company: Investments in subsidiary undertakings

	£
Cost	
At 30 November 2016	2,735,100
Additions	74,999
Disposals	(660,100)
At 30 November 2017	2,149,999
Additions	1,000
Impairments	(99,999)
Carrying amount	
At 30 November 2018	2,051,000
At 30 November 2017	2,149,999

The additions are in respect of 100% of the share capital of ProBiotix Health Limited.

As at 30 November 2018, the company directly held the following subsidiaries:

Name of company	Principal activities	Country of incorporation and place of business	Proportion of equity interest 2017
OptiBiotix Limited	Research & Development	United Kingdom	100% of ordinary shares
The Healthy Weight Loss Company Limited	Health foods	United Kingdom	68% of ordinary shares
ProBiotix Health Ltd	Health foods	United Kingdom	100% of ordinary shares

Investments in associate	£
At 30 November 2018	4,483,300
At 30 November 2017	4,483,300
Total Investment	
At 30 November 2018	6,534,300
At 30 November 2017	6,633,299

13. Inventories

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Finished goods	30,433	8,890	–	–

14. Trade and other Receivables

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Non-current				
Amounts owed by Group undertakings	–	–	4,242,286	–
	–	–	4,242,286	–
Current				
Accounts receivable	228,825	20,249	–	–
Amounts owed by group undertakings	–	–	–	2,645,210
Other receivables	52,190	77,275	969	73,992
Prepayments and accrued income	92,788	8,598	8,283	7,658
	373,803	106,122	9,242	2,726,860

15. Cash and Cash Equivalents

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Cash and bank balances	1,324,307	1,247,431	1,167,437	1,007,769

16. Called Up Share Capital

Issued share capital comprises:

	2018 £	2017 £
Ordinary shares of 2p each – 84,724,413 (2017: 79,331,477)	1,694,488	1,586,628
	1,694,488	1,586,628

16. Called Up Share Capital (continued)

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
	14/12/2017	73
	30/01/2018	354,162
	13/09/2018	166
Total warrants exercised in the year		354,401

During the year the Company issued the ordinary shares of £0.02 each listed below, exercised at the following prices per share in the capital of the company following the exercise of share options:

	Date issued	Number	Price Per Share
	06/02/2018	800,000	£0.08
	19/06/2018	1,461,408	£0.08
	11/10/2018	357,772	£0.20
Total options exercised in the year		2,619,180	

During the year the Company issued new ordinary shares of £0.02 at the following price per share:

	Date issued	Number	Price Per Share
	30/05/2018	2,419,355	£0.62

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.

17. Reserves

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.

Retained earnings represents the cumulative profits and 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.

18. Trade and other payables

Current:

	Group		Company	
	2018 £	2017 £	2018 £	2017 £
Accounts Payable	115,697	10,136	–	–
Accrued expenses	207,103	210,965	30,000	56,407
Amount due to Director	189	189	–	–
Other payables	198,000	18,105	–	–
Amounts due to Group undertakings	–	–	199,000	–
Total trade and other payables	520,989	239,395	229,000	56,407

19. 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 19% (2017: 20%).

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

	2018 £	2017 £
At 30 November	384,092	406,686
Movement in the year	62,069	(22,594)
At 30 November	441,161	384,092

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.

20. Related Party Disclosures

During the year 30 November 2018 the Group was charged £5,083 (2017 – £35,500) by Reyco Limited, a company controlled by A Reynolds. £18,000 (2017 – £12,000) was paid to both G Barker and P Wennström in respect of Director's services provided.

During the year 30 November 2018 the Group was charged £36,167 (2017 – £35,000) for services provided by Morrison Kingsley Consultants Limited, a company controlled by Mark Collingbourne, Chief Financial Officer.

21. Ultimate Controlling Party

No one shareholder has control of the company.

22. 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

22. Share Based payment Transactions (continued)

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	
	2018	2017	2018	2017
	No.	No.	£	£
Outstanding at the beginning of the period	7,845,237	10,345,237	0.17	0.11
Granted during the year	815,000	1,000,000	0.76	0.70
Forfeited/cancelled during the year	–	(666,667)	–	0.27
Exchanged for shares	(2,619,180)	(2,833,333)	0.10	0.10
Outstanding at the end of the period	6,041,057	7,845,237	0.17	0.17

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.

For the share options issues in 2017 vesting conditions dictate that the options will vest if certain revenue conditions are met.

For the share options issued in 2018 vesting conditions dictate that the options will vest if certain revenue conditions are met.

The share options outstanding at the period end had a weighted average remaining contractual life of 2,146 days (2017 – 2,511 days) and the maximum term is 10 years.

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	13/07/2018
Exercise price	73.00p
Share price at grant date	76.00p
Risk-free rate	0.25%
Volatility	35%
Expected life	10 years
Fair value	25.00p

Grant date	21/09/2018
Exercise price	95.00p
Share price at grant date	96.90p
Risk-free rate	0.25%
Volatility	35%
Expected life	10 years
Fair value	34.00p

22. Share Based payment Transactions (continued)

The share price per share at 30/11/2018 was £0.92 (30/11/2017: £0.69)

Expected volatility is based on a best 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 2018 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.

At a meeting of warrant holders on 24 January 2017 it was agreed to extend the exercise period for all remaining warrants to 28 January 2022 and 19 February 2022.

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

	Number of warrants		Average exercise price	
	2018	2017	2018	2017
	No.	No.	£	£
Outstanding at the beginning of the period	1,399,925	1,983,709	0.08	0.08
Exchanged for shares	(354,401)	(583,784)	0.08	0.08
Outstanding at the end of the period	1,045,524	1,399,925	0.08	0.08

A charge of £128,222 (2017: £56,932) has been recognised during the year for the share based payments over the vesting period.

23. 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 and capital 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.

23. Financial Risk Management Objectives and Policies (continued)

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.

24. Post Balance Sheet Events

On 24 January 2019 the Company issued and allotted 7,813 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.

ProBiotix Health Limited ("the subsidiary") obtained loans totalling £198,000 during 2018, in respect of convertible loan notes that were issued on 11 December 2018. The issue was for a total of £1.025 million, of which £725,050 was for cash consideration. £250,000 was paid to OptiBiotix Health plc for assets transferred, and £50,000 were paid in lieu of commission costs.

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