Annual Report & Accounts 2015

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Chairman's Statement

All successful pharmaceutical companies depend, in the first place, on addressing an unmet medical need with a new or a better therapy. It is quite clear that the onset of multidrug resistance in the current families of antibiotics is creating a looming crisis in healthcare. Almost all modern medical procedures depend on the availability of effective antibiotics. It is gratifying that governments and regulators are now taking steps to encourage the development of novel antibiotics to address this growing medical emergency.

Motif's lead compound, iclaprim, is just such an antibiotic, with an underutilised mechanism of action targeted at killing bacteria rather than limiting growth. While a good molecule and an unmet medical need are necessary, they are not the only factors required for success. In Motif's case, iclaprim has an established safety and efficacy profile based on previous trials but it is still necessary for an emerging specialty pharma company like Motif to be able to access the capital markets to fund the additional development programmes and clinical tests required by regulators such as the U.S. Food and Drug Administration (FDA) and the European Medicines Agency (EMA). Success further depends on the skill and hard work of the team to execute well on the clinical development programmes and to support a compelling pharmaco-economic proposition to target customers which, in the case of iclaprim, are the hospital formularies. Even a good molecule will not fulfill its potential if it is not backed up by high quality data supporting its therapeutic value. Motif is in the unusual position of being able to access a huge amount of data accumulated in the earlier clinical development of iclaprim and this has defined the design and administration of the additional trials required by the regulators.

Over the last year, Motif has managed to complete the acquisition of the iclaprim assets, list on the AIM market via a successful IPO raising £2.8 million, conclude a satisfactory review meeting with the FDA, raise an additional £22 million from blue chip institutional investors, receive Qualified Infectious Disease Product (QIDP) designation from the FDA and, most important of all, design and initiate the Phase III clinical trials that the regulatory agencies want to see completed before they will grant marketing approval. Providing Motif can successfully raise additional development capital these new Phase III trials are expected to be completed within 18 months and, if all goes well, Motif should have an application submitted to the FDA by the end of 2017.

In parallel, over the last year Motif has made progress in building the leadership team and has added specialist advisory groups to assist in two key areas. Motif has recently appointed Mr. Pete Meyers as Chief Financial Officer and Dr. Rajesh Shukla as Vice President Clinical Operations. I would like to welcome them both to the Motif team and I would like to thank Robert Bertoldi for his invaluable contribution as CFO through the AIM listing and since. In addition, we now have one firm helping the Company to explore strategic financing options including the possibility of a listing on the NASDAQ stock market in the US. And a second firm is actively soliciting interest in the potential of a partnership for the distribution of iclaprim outside the United States. There is still a lot to do and your board and management team are committed to maintaining an intense focus on good execution. We look forward to the opportunity to report further progress towards bringing this important new therapy to patients in hospitals around the world who are facing the need to deal with increasingly resistant and, in some cases, potentially life threatening infections.

Richard C.E. Morgan
Chairman
20 April 2016

Chief Executive Officer's Statement

2015 was a transformational year for Motif Bio, with admission to AIM in April, securing capital of £23 million (net of expenses) through two equity fundraisings, and achieving a number of key milestones that provide the Company with a platform for further progress in 2016.

Motif Bio is now well-positioned as an antibiotic development company with a lead compound, iclaprim, in Phase III clinical trials targeting serious and life threatening infections and with commercialisation anticipated for 2018. We are in the rare position of already having data in more than 500 patients establishing the safety and efficacy of iclaprim, including activity against multi-drug resistant bacteria such as MRSA.

Iclaprim – ***a novel antibiotic targeting multi-drug resistant bacteria that cause serious and life-threatening infections***

Through our merger with Nuprim Inc., which closed in April upon admission to AIM, we acquired the exclusive worldwide rights to develop and commercialise iclaprim, a novel antibiotic that targets the multi-drug resistant Gram-positive bacteria that cause serious and life-threatening hospital acquired infections.

Iclaprim kills bacteria using an underutilised mechanism of action (dihydrofolate reductase inhibition), meaning that iclaprim can kill bacteria that have developed resistance to other antibiotics that work by different mechanisms. Iclaprim has completed a comprehensive development programme demonstrating safety and efficacy in more than 500 patients with complicated skin and skin structure infections. In 2009, the previous developer of iclaprim received a "Complete Response Letter" from the US Food and Drug Administration (FDA) requesting an additional study to demonstrate effectiveness. The European Marketing Authorisation Approval was then withdrawn. Iclaprim was one of four antibiotics that did not gain approval around this time, shortly after another newly approved antibiotic had been found to be associated with severe liver injury and fraudulent safety data, negatively impacting the regulatory environment. The regulatory environment has subsequently become more favourable, with approval in 2014 of two of the other antibiotics that had similar requests for additional data. The Generating Antibiotic Incentives Now Act (the GAIN Act) was passed as a new law in the United States in 2012, providing several incentives for new antibiotics, including extended market exclusivity, accelerated review of the application for regulatory approval, and fast track submission of data. The previous successful development programme has meant that we were able to learn from the existing data and make several key improvements for our Phase III trials.

To have a much-needed antibiotic so close to approval and commercialisation presents a significant opportunity for the Company and our shareholders.

Iclaprim – ***an attractive target market***

Resistance to antibiotics is a major global health threat, with so-called "superbugs" developing resistance more quickly than new effective antibiotics are being developed. Iclaprim will initially focus on two serious and life-threatening infections.

The first is Acute Bacterial Skin and Skin Structure Infections (ABSSSI), a common serious infectious disease often caused by multi-drug resistant bacteria, such as MRSA. Around 2.3 million patients in the US are affected by ABSSSI every year. Our first Phase III trials, currently underway, are in patients with ABSSSI.

The second is for Hospital Acquired Bacterial Pneumonia (HABP), one of the most common hospital acquired infections in the intensive care setting, estimated to affect 1.1 million patients in the US annually with a mortality rate of between 20% to 50% depending on how quickly and effectively it is treated. Phase II trials have already demonstrated the efficacy of iclaprim for patients with HABP and we expect to start trials for this indication in the second half of 2016. This trial is likely to take three years to complete.

Providing we can raise sufficient additional development capital, our current Phase III trials for ABSSSI are expected to conclude in 2017, and if approved iclaprim will be particularly suitable for patients with ABSSSI who also suffer from

renal impairment or kidney disease. The current standard of care for treating ABSSSI is vancomycin. However, around 26% of high-risk hospitalised ABSSSI patients suffer from kidney disease and vancomycin is well known to be nephrotoxic (kidney damaging) and requires dose adjustment depending on the severity of kidney disease, therefore vancomycin is not a good option. Iclaprim is not nephrotoxic and requires no dosage adjustment, offering an appropriate alternative in these patients.

2015 – *a transformational year*

As part of our listing on AIM in April 2015, we raised approximately £2.5 million in net funds and concluded a further placing in July 2015 raising £20.75 million in net funds. This provided us with the funding needed to complete the preparations and start the Phase III trials that began with the first patient dosed in March 2016.

Our clinical trials are being run by Covance, our CRO. The two trials are global, multicentre, randomised, double-blind studies evaluating a total of 1,200 adult patients hospitalised with ABSSSI. Covance has considerable experience running antibiotic trials and we are confident that they are the best CRO for our programme which includes 160 clinical trial sites across the US, Europe, and Latin America.

The primary endpoint for the studies will be at least a 20% reduction in lesion size at 48 to 72 hours after initiation of antibiotic treatment. The key secondary endpoint is clinical cure at one to two weeks after antibiotic treatment ends. The successful completion of these two pivotal Phase III trials would satisfy both FDA and EMA requirements for regulatory approval.

Iclaprim has been designated as a Qualified Infectious Disease Product (QIDP) for the treatment of ABSSSI and HABP. The QIDP designation will make iclaprim eligible to benefit from certain incentives as provided under the GAIN Act. These incentives include FDA priority review, eligibility for fast-track status, and if ultimately approved by the FDA, iclaprim would be eligible for an additional five-year extension of Hatch-Waxman exclusivity, for a total of 10 years of market exclusivity, starting from the date of New Drug Application (NDA) approval.

Additional supportive clinical data

Two important posters were accepted and presented at ID Week in San Diego, CA in October 2015. One summarised the Phase II data from trials in patients with Hospital Acquired Bacterial Pneumonia where iclaprim demonstrated safety and efficacy. The second poster described the efficacy of iclaprim at 72 hours after starting treatment in the prior Phase III complicated Skin and Skin Structure trials. Iclaprim was compared with another antibiotic, linezolid, and was shown to effectively halt the spread of skin lesions at 72 hours. This was important to show because in the current Phase III trials, the efficacy of iclaprim is being judged by measuring the size of the skin lesions at 48 to 72 hours after initiating treatment.

In addition, we announced in August 2015 that topline results of a laboratory study confirmed that iclaprim is active and highly potent against target bacteria, including *Staphylococcus aureus*, collected between 2012 and 2014 from patients around the world with serious, life-threatening hospital infections.

2016 – *the year ahead*

The main achievement for 2016 so far has been the commencement of our first Phase III studies and the first dosing of patients. In addition, in the first quarter of 2016 we also announced the appointment of two strategic advisers, which herald two developments in the Company's progress that we believe will help us to deliver significant value to shareholders.

In January 2016, we appointed US healthcare investment bank MTS Health Partners (MTS) to advise on potential future financing options within the US market. A NASDAQ listing continues to be an option for us. Not only would it open up additional avenues of funding but it would also help to align us with a number of our US listed peer companies. Initial feedback has been positive from an investor audience that is well versed in the pharmaceutical development

space and recognises the advantageous position that we are currently in with a candidate at such an advanced stage and with the unusual position of having a safety database comprised of 500 patients already treated with iclaprim.

In March, we appointed Fulford Group Ltd. as a specialist adviser to identify the most appropriate strategic partner(s) for the commercialisation of iclaprim in geographies outside of the US. We intend to commercialise iclaprim in the US ourselves. Whether these partners are large companies spanning multiple geographies or individual partners for specific regions, such deals can provide the Company with additional development capital in the form of upfront payments, milestone payments, and ongoing royalty fees. We expect to be able to update shareholders on progress in this area over the course of 2016.

We also expect to be able to provide updates to our Phase III programme for our second indication, HABP, which we expect to begin in the second half of 2016.

We anticipate making progress with our oral formulation development programme for iclaprim. This has advantages when treating bone or joint infections, which often require a longer period of treatment (six weeks or more). In addition, we plan to seek additional antibiotic assets and if possible we intend to acquire such assets through in-licensing arrangements that should build incremental value for shareholders.

In recent weeks, we appointed Pete A. Meyers as Chief Financial Officer and Rajesh B. Shukla, Ph.D. as Vice President Clinical Operations. Pete's experience in capital markets, M&A, and financial operations combined with Rajesh's depth of knowledge in clinical operations will ensure strong leadership in these critical functions. I am pleased to welcome them both to the Motif team.

I would like to offer my thanks to our shareholders for their continued support and to my colleagues who continue to work with me to build value for our shareholders.

Graham Lumsden
Chief Executive Officer
20 April 2016

Strategic Report

Strategy and Business Model

The Group's business strategy is to develop novel antibiotics that are designed to be effective against serious and life-threatening infections caused by multi-drug resistant bacteria. With an initial focus on hospital infections (rather than infections handled by office-based physicians), the intention is, to commercialise directly in the United States and to partner with other companies for commercialisation in other countries. The Company expects to generate revenues from sales of its pharmaceutical products, once they are approved. In addition, the Company expects to be able to enter into distribution and marketing agreements in one or more territories outside the US, which could result in cash payments from partners in the form of upfront payments, progress-based milestone payments, and royalties on sales. This strategy is expected to result in continuing losses until revenues from these sources exceed operating costs, including investment in R&D and marketing expenses. The Board expects to be able to support its discovery and development plans for the foreseeable future and to raise sufficient capital to be able to launch and sell its products in the United States.

The Company's lead product candidate, iclaprim, is being developed for the treatment of the most common and serious bacterial infections such as acute bacterial skin and skin structure infections (ABSSSI) and hospital acquired bacterial pneumonia (HABP), including those caused by resistant strains such as MRSA (methicillin-resistant *Staphylococcus aureus*). Two pivotal Phase III ABSSSI clinical trials, designed to meet regulatory requirements for approval in the United States and Europe, are on track to be completed in 2017 and if approved, iclaprim could be ready for commercialisation in 2018. A Phase III clinical trial to determine the efficacy of iclaprim in HABP is planned to start in 2016.

In addition, the Company is in discussions with pharmaceutical companies and universities to build a pipeline of innovative antibiotics targeting Gram-positive and Gram-negative bacteria.

Principle Risks and Uncertainties
The principle risks faced by the Group, and the actions taken to mitigate them, are shown in the table below:

Risk	Description	Principle mitigation
Intellectual property	In common with other companies engaged in pharmaceutical development, the Group faces the risk that intellectual property rights necessary to exploit its research and development efforts may not be adequately secured or defended. The Group's intellectual property may also become obsolete, preventing commercial exploitation.	The Group actively manages its intellectual property (IP), engaging with specialists to apply for and defend IP rights in appropriate territories. As the Group has no iclaprim patents, it will depend on the already granted QIDP (Qualified Infectious Disease Product) designation under the GAIN (Generating Antibiotic Incentives Now) Act to provide market exclusivity within the US. Outside the US, the Group will depend on similar provisions from regulatory agencies in different territories and on the distribution partners it is able to attract.
Research and Development	The Group may not generate further attractive drug candidates and candidates already in development may fail preclinical testing or clinical trials because of lack of efficacy, unacceptable side effects, or insurmountable challenges in conducting studies adequate to support regulatory approvals. Practical issues, such as inability to devise acceptable formulations for products or inability to manufacture products at acceptable cost, may also lead to failure of candidates in development.	The lead product candidate, iclaprim, has successfully completed a comprehensive preclinical and clinical development programme and the safety and efficacy profile is well understood. The Phase III trials that are underway have been designed based on the data from the development programme completed to date.
Regulatory	Drug development is a highly regulated activity governed by different regulatory authorities in different jurisdictions. It can be difficult to predict the exact requirements of different regulatory bodies. Decisions by regulators may lead to delays in development and approval of drugs or lack of marketing authorisations in some or all territories.	The Group's drug development team includes specialists in regulatory affairs who consult with other experts to ensure that internal control processes and clinical trial design meet current regulatory requirements. The Group also engages directly with regulatory authorities when appropriate.

Risk	Description	Principle mitigation
Commercial and economic	The Group may be unable to effectively commercialise or license its products to partners or may not be able to execute licensing deals that provide significant revenues. Development of alternative technologies or products may undermine the Group's capacity to generate revenue flowing from commercialisation of its assets. If the Group's drugs are commercialised, they may not generate significant revenues if their use and sale is restricted by regulators or by failure of healthcare payors to provide adequate reimbursement of drug costs.	The Group consults with commercial, clinical, and scientific experts to assess the payer and prescriber environment and the potential impact of competing products or changes in the economic landscape pertaining to hospital infections. The Group actively monitors performance of key competitors in terms of pricing, market share, and prescribing behavior.
Financial	The successful development of the Group's assets requires financial investment which can come from revenues, commercial partners, or investors. Failure to generate additional funding from these sources may compromise the Group's ability to execute its business plans or to continue in business.	The Group has successfully engaged with investors to generate significant cash resources which, providing we can raise sufficient additional development capital, are considered sufficient to fund current plans for the clinical development of the Group's lead antibiotic, iclaprim. The Group operates robust controls over expenditures including budgeting and authorisation of individual expenditures.
Operational	The Group may not be able to recruit and retain appropriately qualified staff. Facilities and other resources may become unavailable.	The Group's recruitment processes are tailored to identify and attract the best candidates for specific roles. The Group aims to provide competitive rewards and incentives to staff and directors, and informally benchmarks the level of benefits provided to its people against similar companies.

Business review

The Group's results for the year are set out in the consolidated income statement on page 19. A review of the Group's performance during the year, together with its position at the end of the year, is given in the CEO's Statement on page 3.

Selected peer companies developing antibiotics, including Allergan, Cempra, Nabriva, Paratek, and Tetraphase, are regularly followed and studied as benchmarks for clinical development timelines, product pricing, capital requirements, financial metrics, and market positioning. Qualitative and quantitative market research is used to identify and assess market opportunities for novel antibiotics.

Going concern basis

Information on the Group's business activities and financial position, together with the factors most likely to affect its future development, performance, and position, is set out above. In addition, note 3 to the financial statements includes the Group's objectives, policies, and processes for managing its capital, its financial risk management objectives, and its exposure to credit risk and liquidity risk.

During the year, the Group met its day-to-day working capital requirements through cash reserves obtained through fundraising. The Directors consider that the current position of the Group is not unusual for a drug discovery and development company.

The Group has prepared detailed financial forecasts extending at least 12 months from the date of approval. These forecasts assume no sales and the continuation of costs associated with drug discovery and development. The forecasts show that the Group should be able to operate for at least the next 12 months from the date of these financial statements. The Directors acknowledge that uncertainty remains over the ability of the Group to have the resources to fully support the iclaprim trials. However, the Directors believe the Group will be able to secure financing through public markets, private financing, and partnering opportunities. In addition, since the majority of costs are associated with the clinical trials of iclaprim, the Directors believe the trials could be, if necessary, slowed or stopped. Although these measures would have an adverse effect on the commercialisation of iclaprim, the cost savings would extend the Group's ability to maintain itself as a going concern.

Approved by the Board and signed on its behalf by:

Richard C.E. Morgan
Chairman
20 April 2016

Board of Directors

Richard C.E. Morgan, Chairman

Richard C.E. Morgan is Chief Executive Officer of Amphion Innovations plc. Over the course of his career, Mr. Morgan has been directly involved in the start-up and development of more than 35 companies in the biopharma, healthcare, and IT industries, including Celgene Corp. and Sequus Pharmaceutical, two successful biopharma companies. Mr. Morgan was a founder and Chief Executive Officer of Amphion Capital Partners LLC (the predecessor company). He was also the Managing General Partner of Amphion Partners LLC (formerly known as Wolfensohn Partners, LP) a position which he retains, although the partnership is no longer active. Before joining Wolfensohn, Mr. Morgan spent 15 years with Schroders plc, a British merchant bank, where he was a member of the Board of the merchant bank and head of the Schroder Strategy Group, which he founded. Mr. Morgan, a British citizen, was raised in Kenya and educated in England. He graduated with a B. Engineering First Class Honors from the University of Auckland, New Zealand. In 1982 he completed the Advanced Management Program at the Harvard Business School. He is currently also Chairman of four private companies.

Robert Bertoldi, Chief Financial Officer, Director

Mr. Bertoldi, Chief Financial Officer of Motif, is also President and CFO of Amphion Innovations. Mr. Bertoldi was a founder, President, and CFO of Amphion Capital Partners LLC (the predecessor company) and VennWorks LLC. Mr. Bertoldi is also a general partner of Amphion Partners LLC (formerly known as Wolfensohn Partners, LP). Prior to that, he served as Chief Financial Officer for James D. Wolfensohn, Inc. and Hambro America Inc. He began his career at KPMG and left as a manager in the investment services department. Mr. Bertoldi received a B.A. in Accounting and Economics from Queens College, New York in 1976 and became a Certified Public Accountant in 1978. He is a member of the AICPA and NYSCPA.

Jonathan E. Gold, Non-executive Director

Mr. Gold is a Managing Director of JEG Capital LLC, a family office and asset manager. Previously he was a Portfolio Manager for the Federated Kaufmann Funds from 2004-2012. The Federated Kaufmann Funds are aggressive growth mutual funds which currently have approximately $10 billion under management. Prior to that, Mr. Gold was a partner in Amphion Capital and Wolfensohn Partners (originally affiliates of James D. Wolfensohn Inc.) where he was active in financing and growing early stage life sciences and information technology companies from 1995 to 2004. Early in his career, Mr. Gold was a financial analyst for Prudential's Realty Group, which managed over $10 billion in equity real estate and over a $20 billion portfolio of mortgages. Mr. Gold received his B.S. and MBA in Finance from New York University's Stern School of Business.

Charlotta Ginman, Non-executive Director

A Chartered Accountant, Ms. Ginman is the Chairman of the Audit Committee. She is also a Non-Executive Director of Polar Capital Technology Trust plc, Pacific Assets Trust plc, and Consort Medical plc and acts as the Audit Committee Chair for the first two. Ms. Ginman was formerly a Non-executive Director of Wolfson Microelectronics plc and Kromek plc. Prior to going plural, she held senior positions in the investment banking (UBS, Deutsche Bank, and JPMorgan) and telecom sectors (Nokia Corporation and Vertu Ltd). Ms. Ginman holds an MSc in Economics from the Swedish School of Economics and Business Administration in Helsinki, Finland.

Zaki Hosny, Non-executive Director

Zaki Hosny is an independent consultant to life sciences companies. Mr. Hosny spent most of his career at Merck & Co., Inc. in marketing and general management positions around the globe, including management responsibility for the company's business in major markets in Europe. Mr. Hosny also held senior marketing positions in the United States and several European countries in general management, marketing roles with worldwide responsibility for cardiovascular and other franchises, and was closely involved in the clinical development of some of the company's major products. Mr. Hosny was CEO of Motif from 2006-2013 and Deputy Chairman of its Board of Directors. Mr. Hosny is currently a Senior Advisor to the Albright Stonebridge Group, a strategic consultancy firm based in Washington D.C. and a consultant to Harel Consulting of New Jersey, and Mettle Consulting of the UK. Mr. Hosny is based in Princeton, NJ and is a graduate of Cambridge University with an MA in history and law.

Graham Lumsden, BVM&S, MRCVS, MCIM, Chief Executive Officer, Director

Graham Lumsden, Chief Executive Officer of Motif, is responsible for all aspects of the strategy, management, and operations of the Company. Prior to joining Motif, Dr. Lumsden held Worldwide Business Leader roles, with global responsibility for osteoporosis and then contraceptives at Merck & Co., Inc. Dr. Lumsden has a proven record of success leading change and delivering results through cross-functional team leadership, including US / international sales and marketing, new product launches, pre-clinical / clinical development, regulatory strategy, and IP strategy / litigation. Dr. Lumsden is a member of the Royal College of Veterinary Surgeons (MRCVS), holds a postgraduate diploma from the Chartered Institute of Marketing (MCIM), and is a dual citizen of the US and UK.

Mary Lake Polan, M.D, Ph.D., MPH, Non-executive Director

Dr. Polan is a Clinical Professor in the Department of Obstetrics, Gynecology, and Reproductive Sciences at Yale University School of Medicine. Dr. Polan specialises in reproductive endocrinology and infertility and hormonal issues related to gynecology patients and menopause. She received her bachelor's degree from Connecticut College, her Ph.D. in Molecular Biophysics and Biochemistry, her M.D. from Yale University, and completed her residency and Reproductive Endocrine Fellowship at the Department of Obstetrics and Gynecology at the Yale School of Medicine. Dr. Polan received her M.P.H. (Maternal and Child Health Programme) from the University of California, Berkeley. Dr. Polan served on the board of Wyeth Pharmaceuticals prior to its acquisition by Pfizer and currently serves on the board of Quidel Corp., San Diego, CA and on the boards of several privately held life sciences companies. She chairs an SAB on Women's Health for the Proctor and Gamble Company and several other advisory boards of private life sciences companies. She is also Managing Director of Golden Seeds, an angel investing group which invests in women led companies.

John W. Stakes III, M.D., Non-executive Director

Dr. Stakes is a cum laude graduate of Williams College, A.B., Phi Beta Kappa, with a major in biology. He is a graduate of Cornell University Medical College, MD, Alpha Omega Alpha. He thereafter completed two residencies in Internal Medicine and Neurology at Massachusetts General Hospital (MGH) and is Board Certified in both as well as Sleep Disorders Medicine. He was Co-Chief Resident in Neurology at MGH and has also trained in EEG and evoked potentials during a fellowship at MGH. He has been on the clinical teaching staff of Harvard Medical School since 1982. He is currently Assistant Professor of Neurology at Harvard Medical School and an Attending Neurologist at MGH. Dr. Stakes has been Director of Specialty Care Development from 1995 until 2013, working for the Mass General Physicians Organisation and with the business development staff of MGH, currently serving as a senior advisor and a Physician Director of Network Development and Integration. He is a Trustee of Nantucket Cottage Hospital, a MGH affiliate. Dr. Stakes was a member of the Board of Directors of Beijing Med-Pharm Sunstone (which was a NASDAQ listed company prior to its sale to Sanofi-Aventis), during which time he also served on the Governance and Compensation Committees.

Bruce A. Williams, Non-executive Director

Mr. Williams has significant operational experience in the Pharmaceutical and Biotech industries. Mr. Williams was an Executive Director of Ortho Biotech where he led the marketing of this Johnson & Johnson subsidiary's lead product Procrit (epoetin alfa) from pre-launch through to its first years on the market, realising $1 billion of revenue. Mr. Williams was previously Senior Vice President of Sales and Marketing at Celgene Corporation where he built the company's commercial and distribution infrastructure to support the launch of its first product Thalomid (thalidomide). Mr. Williams was previously Senior Vice President, Sales and Marketing at Genta Incorporated where he led the negotiation of a licensing and co-development/ co-marketing agreement with Aventis for the company's lead product. The company realised over $300 million in proceeds from this agreement. Mr. Williams also serves on the board of Afaxys Incorporated. He also chairs the Board of Trustees of Rutgers Preparatory School, New Jersey's first independent school.

Directors' Report

The Directors present their annual report on the affairs of the Group, together with the financial statements and auditors' report, for the year ended 31 December 2015.

Principle Activities
Motif Bio plc is a clinical-stage biopharmaceutical company, specialising in the development of novel antibiotics that are designed to be effective against serious and life-threatening infections caused by multi-drug resistant bacteria.

Business and Strategic Review
The information that fulfills the requirements of the business review, including details of the results for the year ended 31 December 2015, principle risks and uncertainties, and the outlook for future years, are set out in the Chairman's Statement, Chief Executive Officer's Statement, and the Strategic Report on pages 2-7.

Future Developments
Our future development objectives for 2016 are disclosed in the Chairman's Statement and Chief Executive Officer's Statement on pages 2-5.

Capital Structure
The capital structure is intended to ensure and maintain strong credit ratings and healthy capital ratios in order to support the Group's business and maximise shareholder value. It includes the monitoring of cash balances, available bank facilities, and cash flows.

No changes were made to these objectives, policies, or processes during the year ended 31 December 2015.

Results and Dividends
The consolidated income statement is set out on page 19.
The Group's loss after taxation amounted to US $8,516,699 (2014: US $1,185,890)
The Directors do not recommend the payment of a dividend for the year ended 31 December 2015.

Directors
The Directors of the Group are shown on pages 8-9. All of the Directors were Directors for the whole year.

The emoluments and interests of the Directors in the shares of the Group are set out in the Directors' Remuneration Report on page 14.

Details of significant events since the end of the reporting period are contained in note 20 to the financial statements.

The Directors, who served throughout the year, were as follows:
Mr. Richard Morgan
Mr. Robert Bertoldi
Ms. Charlotta Ginman
Mr. Jonathan Gold
Mr. Zaki Hosny
Dr. Graham Lumsden
Dr. Mary Lake Polan
Dr. John Stakes
Mr. Bruce Williams

Directors' Indemnities
The Group has made qualifying third party indemnity provisions for the benefit of its Directors, which were made during the year and remain in force at the date of this report.

Statement of Directors' Responsibilities in Respect of the Directors' Report and the financial statements

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations ("Group law"). Group law requires the Directors to prepare financial statements for each financial year.

Under that law the Directors have elected to prepare Group and parent company financial statements in accordance with Financial Reporting Standards ("IFRSs") as adopted by European Law.

Under Group 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 Group and the parent company for the period. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the AIM. In preparing these financial statements, the Directors are required to:

- present fairly the financial position, financial performance, and cash flows of the Group;
- select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable IFRSs have been followed, 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 the Group will continue in business.

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

- so far as each Director is aware, there is no relevant audit information of which the Group's auditors are not aware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and establish that the auditors are aware of that information.

The Directors are responsible for ensuring the annual report and the financial statements are made available on the corporate website. Financial statements are published on the Group's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website.

Auditors

Each of the persons who is a Director at the date of approval of this annual report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Group's auditors are unaware; and
- the Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Following a tender process on 10 December 2015, PricewaterhouseCoopers LLP was appointed as auditors of the Group and Crowe Clark Whitehill LLP, the previous auditors, resigned. PricewaterhouseCoopers LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

By order of the Board

Dr. Graham Lumsden
Chief Executive Officer
20 April 2016

Corporate Governance Report

Motif Bio plc has agreed to comply with the UK Corporate Governance Code for small and mid-sized quoted companies published in September 2012 (the "Code") to the extent the Directors consider it appropriate, and having regard to the Company's size, board structure, stage of development, and resources.

The Board

The Board meets regularly, generally every two months with two meetings per year in person and four meetings per year telephonically. Its direct responsibilities include setting annual budgets, reviewing trading performance, approving significant capital expenditure, ensuring adequate funding, setting and monitoring strategy, and reporting to shareholders. The Non-executive Directors have a particular responsibility to ensure that the strategies proposed by the Executive Directors are fully considered.

This year, all Directors are offering themselves for re-election at the Annual General Meeting of the Company to be held on 2 June 2016. In subsequent years, one-third of the Board will retire by rotation and offer themselves for re-election in accordance with the Company's Articles and the Code.

Audit Committee

The Audit Committee is chaired by Charlotta Ginman, an independent Non-executive Director. The other members are Richard C.E. Morgan, Chairman of the Board, and Jonathan Gold, an independent Non-executive Director of the Board. The committee meets at least two times a year. The Audit Committee met six times in 2015.

The Audit Committee is responsible for reviewing the half-year and annual financial statements, interim management statements, preliminary results announcements, and any other formal announcement or presentation relating to the Group's financial performance. The Audit Committee also reviews significant financial returns to regulators and any financial information covered in certain other documents such as announcements of a price sensitive nature.

The Audit Committee advises the Board on the appointment of external auditors and on their remuneration (both for audit and non-audit work) and discusses the nature, scope, and results of the audit with the auditors. The Audit Committee reviews the extent of the non-audit services provided by the auditors and reviews with them their independence and objectivity. The Chairman of the Audit Committee reports the outcome of the Audit Committee meetings to the Board and the Board receives the minutes of the meetings.

Following a tender process on 10 December 2015, PricewaterhouseCoopers LLP were appointed as auditors of the Group by the Audit Committee.

Remuneration Committee

The Remuneration Committee is chaired by Zaki Hosny, an independent Non-executive Director. The other members are Richard C.E. Morgan, Chairman of the Board, and Bruce Williams, an independent Non-executive Director. The Remuneration Committee met six times in 2015.

The Remuneration Committee is responsible for making recommendations to the Board, within agreed terms of reference, on the Group's framework of executive remuneration and its cost. The committee determines the contract terms, remuneration, and other benefits for each of the Executive Directors, including performance related bonus schemes and pension rights. Further details of the Group's policies on remuneration and service contracts are given in the Directors' Remuneration Report on page 14.

Internal Control and Risk Management

The Board attaches considerable importance to the Company's system of internal control and risk management. An ongoing process has been established for identifying, evaluating, and managing the significant risks faced by the Group. The process has been in place for the full year under review and up to the date of approval of the annual report and financial statements. The Board regularly reviews this process as part of its review of such risks within its meetings. Where any weaknesses are identified, an action plan is prepared to address the issues and is then implemented.

Each year the Board approves the annual budget. Key risk areas are identified, reviewed, and monitored. Performance is monitored against budget, relevant action is taken throughout the year, and updated forecasts are prepared as appropriate.

The Board has reviewed the need for an internal audit function and concluded that this is not currently necessary in view of the small size of the Group and the close supervision by the senior leadership team of its day-to-day operations. The Board will continue to keep this under review.

The internal controls and risk management system is designed to manage, rather than eliminate the risk of failure to achieve the Company's strategic objectives and can only provide reasonable, and not absolute, assurance against material misstatement or loss.

Going Concern

The Group's financial statements are prepared on a going concern basis taking into account the successful completion of its initial public offering on 2 April 2015 generating net proceeds of £2.5 million and a subsequent placing on 21 July 2015 generating net proceeds of £20.7 million. Although the Group is loss making, it is forecasting future positive cash flows.

The Directors have prepared cash flow forecasts extending at least 12 months from the date of approval. These forecasts assume no sales and the continuation of costs associated with drug discovery and development. The forecasts show that the Group should be able to operate for at least the next 12 months from the date of these financial statements. The Directors acknowledge that uncertainty remains over the ability of the Group to have the resources to fully support the iclaprim trials. However, the Directors believe the Group will be able to secure financing through public markets, private financing, and partnering opportunities. In addition, since the majority of the costs are associated with the clinical trials of iclaprim, the Directors believe the trials could be, if necessary, slowed or stopped. Although these measures would have an adverse effect on the commercialisation of iclaprim, the cost savings would extend the Group's ability to maintain itself as a going concern.

Communication with Shareholders

The Group is strongly committed to the maintenance of good investor relations and seeks, wherever possible, to build a relationship of mutual understanding with both its institutional and private client investors. Additionally, the Board seeks to meet with shareholders whenever possible and to use the Company's website (www.motifbio.com) to communicate with all shareholders. Further queries are welcome and should be directed to info@motifbio.com or the Company's investor and public relations advisors at motif@walbrookpr.com.

Directors' Remuneration Report (unaudited)

As the Group is AIM listed, the Directors are not required, under Section 420(1) of the Companies Act 2006, to prepare a Directors' remuneration report for each financial year of the Group and so Motif Bio plc makes the following disclosures voluntarily, which are not intended to, and indeed do not, comply with the requirements of the Companies Act 2006.

The Remuneration Committee is responsible for recommending the remuneration and other terms of employment for the Executive Directors of Motif Bio plc.

In determining remuneration for the year, the committee has given consideration to the requirements of the UK Corporate Governance Code.

Remuneration policy
The Remuneration Committee will determine and agree with the Board the framework or broad policy for the remuneration of the Company's Chief Executive, Chairman, and the Executive Directors. The remuneration of Non-executive Directors will be a matter for the Chairman and executive members of the Board.

The remuneration packages of Executive Directors comprise the following elements:

Basic salary
Basic salaries for Executive Directors are reviewed annually having regard to individual performance and market practice.

Annual bonus
Each calendar year, a bonus may be awarded at the discretion of the Board, having considered the recommendations of the Remuneration Committee to reward the Executives' contribution to the achievement of the Group's strategic and financial targets and personal performance objectives.

Longer term incentives
In order to further incentivise the Executive Directors and align their interests with shareholders, the Group granted share options.

Service contracts
Graham Lumsden has a service contract with a notice period (to the Company) of three months until he has completed two years' continuous employment and thereafter, one month's notice for each complete year of his period of continuous employment or twelve months' notice if less. Motif Bio plc entered into a consultancy agreement with Amphion Innovations plc for Robert Bertoldi, an employee of Amphion Innovations plc. The term of this agreement is twelve months, automatically renewing each year on the anniversary, unless either party notifies the other, by giving 90 days written notice prior to the expiration of the existing term, of its intention not to renew. The committee considers these Directors' notice periods to be appropriate as they are in line with the market and take account of the Directors' knowledge and experience.

Directors' emoluments
Emoluments of the Directors for the year ended 31 December 2015 are shown below.

Directors' shareholdings
Beneficial interests of the Directors in the shares of the Group are shown below:

	31 December 2015		31 December 2014 *	
	Number	%	Number	%
Richard Morgan	190,916	0.18%	89,936	1.13%
Robert Bertoldi	61,251	0.06%	61,251	0.77%
Charlotta Ginman	125,000	0.12%	-	0.00%
Jonathan Gold	148,608	0.14%	148,608	1.86%
Zaki Hosny	215,550	0.20%	215,550	2.70%
Graham Lumsden	-	0.00%	-	0.00%
Mary Lake Polan	13,000	0.01%	-	0.00%
John Stakes	171,850	0.16%	71,850	0.90%
Bruce Williams	105,350	0.10%	71,850	0.90%

* 31 December 2014 represents the number of shares held in Motif BioSciences Inc. adjusted to reflect the reverse stock split in the capital of Motif BioSciences Inc. on 13 March 2015.

Directors' emoluments for the year ended 31 December 2015

	Salaries and fees US $	(1) Bonuses US $	Benefits in kind US $	Social security US $	2015 Total US $	2014 Total US $
Executive						
Graham Lumsden	315,000	225,000	-	17,180	557,180	-
Robert Bertoldi	55,558	75,000	-	4,568	135,126	-
Non-executive						
Richard Morgan	63,372	153,700	-	-	217,072	-
Charlotta Ginman	28,741	-	-	3,301	32,042	-
Jonathan Gold	25,881	-	-	-	25,881	-
Zaki Hosny	28,756	-	-	-	28,756	-
Mary Lake Polan	25,881	-	-	-	25,881	-
John Stakes	28,756	-	-	-	28,756	-
Bruce Williams	25,881	-	-	-	25,881	-
Total	597,826	453,700	-	25,049	1,076,575	-

(1) Bonuses were awarded to Executive Directors and the Chairman in recognition of their extraordinary service in successfully completing the merger with Nuprim Inc., the AIM listing, a secondary fund raising, QIDP designation from the FDA and the initiation of the Phase III clinical trials.

Aggregate emoluments disclosed above do not include any amounts for the value of options to acquire ordinary shares in the Company granted to or held by the Directors. Details of options for Directors who served during the year are as follows:

	1 January 2015	Granted	31 December 2015	Exercise price	Grant date	Expiry date
Richard Morgan	73,215	-	73,215	$0.70	1 Jan 2010	1 Jan 2020
	6,179	-	6,179	$0.70	1 Jan 2011	1 Jan 2021
	502,950	-	502,950	$0.14	4 Dec 2014	4 Dec 2024
	582,344	-	582,344			
Robert Bertoldi	53,887	-	53,887	$0.70	1 Jan 2010	1 Jan 2020
	251,475	-	251,475	$0.14	4 Dec 2014	4 Dec 2024
	305,362	-	305,362			
Charlotta Ginman	251,475	-	251,475	$0.14	4 Dec 2014	4 Dec 2024
	251,475	-	251,475			
Jonathan Gold	73,502	-	73,502	$0.70	1 Jan 2010	1 Jan 2020
	5,964	-	5,964	$0.70	1 Jan 2011	1 Jan 2021
	251,475	-	251,475	$0.14	4 Dec 2014	4 Dec 2024
	330,941	-	330,941			
Zaki Hosny	53,888	-	53,888	$0.70	18 Jun 2009	18 Jun 2019
	14,370	-	14,370	$0.70	1 Jan 2010	1 Jan 2020
	2,587	-	2,587	$0.70	1 Jan 2011	1 Jan 2021
	107,774	-	107,774	$0.14	30 Jan 2013	30 Jan 2023
	251,475	-	251,475	$0.14	4 Dec 2014	4 Dec 2024
	430,094	-	430,094			
Graham Lumsden	574,800	-	574,800	$0.14	25 May 2013	25 May 2023
	2,874,000	-	2,874,000	$0.14	4 Dec 2014	4 Dec 2024
	3,448,800	-	3,448,800			
Mary Lake Polan	67,036	-	67,036	$0.70	1 Jan 2010	1 Jan 2020
	5,461	-	5,461	$0.70	1 Jan 2011	1 Jan 2021
	251,474	-	251,474	$0.14	4 Dec 2014	4 Dec 2024
	323,971	-	323,971			
John Stakes	62,366	-	62,366	$0.70	1 Jan 2010	1 Jan 2020
	2,802	-	2,802	$0.70	1 Jan 2011	1 Jan 2021
	251,474	-	251,474	$0.14	4 Dec 2014	4 Dec 2024
	316,642	-	316,642			
Bruce Williams	67,252	-	67,252	$0.70	1 Jan 2010	1 Jan 2020
	28,740	-	28,740	$0.70	16 Jan 2010	16 Jan 2020
	71,850	-	71,850	$0.70	15 Nov 2010	16 Jan 2020
	2,802	-	2,802	$0.70	1 Jan 2011	1 Jan 2021
	251,474	-	251,474	$0.14	4 Dec 2014	4 Dec 2024
	422,118	-	422,118			

Share price during the year

During the period from the date of admission to AIM to 31 December 2015, the highest share price was 70.75p and the lowest share price was 25.125p. The market price of the shares at 31 December 2015 was 42.75p.

Independent auditors' report to the members of Motif Bio plc

Report on the financial statements

Our opinion

In our opinion:

- Motif Bio plc's group financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2015 and of the group's loss and the group's and the company's cash flows for the year then ended;

- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union;

- the company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and 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.

What we have audited

The financial statements, included within the Annual Report, comprise:

- the consolidated and company statements of financial position as at 31 December 2015;

- the consolidated statement of comprehensive loss for the year then ended;

- the consolidated and company statements of cash flows for the year then ended;

- the consolidated and company statements of changes in equity for the year then ended; and

- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is IFRSs as adopted by the European Union, and applicable law and, as regards the company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on the other matter prescribed by the Companies Act 2006

In our opinion, 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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or

- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or

- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 10, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the group's and the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Richard Spilsbury (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
20 April 2016

Motif Bio plc
Consolidated statement of comprehensive (loss)/income
For the year ended 31 December 2015

	Note	12 months ended 31 December 2015 US $	Restated 12 months ended 31 December 2014 US $
Operations			
General and administrative expenses	4	(3,577,180)	(1,096,116)
Research and development expenses	4	(4,680,940)	-
Operating loss		(8,258,120)	(1,096,116)
Interest income	4	15,028	78
Interest expense	4	(268,216)	(449,036)
Net foreign exchange gains/(losses)		(9,644)	-
Other income	4	5,027	360,060
Loss before income taxes		(8,515,925)	(1,185,014)
Income tax	7	(774)	(876)
Net loss for the year		(8,516,699)	(1,185,890)
Total comprehensive loss for the year		(8,516,699)	(1,185,890)
Loss per share for loss from operations attributable to the ordinary equity holders of the company:	8		
Basic and diluted *		US $ (0.14)	US $ (0.18)

** In accordance with IAS33 "Earnings per share", where the entity has reported a loss for the period, the shares are not diluted.*

The notes are an integral part of these consolidated financial statements.

Motif Bio plc
Consolidated statement of financial position
As at 31 December 2015

	Note	31 December 2015 US $	Restated 31 December 2014 US $
ASSETS			
Non-current assets			
Intangible assets	9	6,195,748	-
Total non-current assets		6,195,748	-
Current assets			
Notes receivable		-	12,000
Prepaid expenses and other receivables	10	167,657	210,661
Cash	11	28,594,347	3,281
Total current assets		28,762,004	225,942
Total assets		34,957,752	225,942
LIABILITIES			
Non-current liabilities			
Payable on completion of clinical trial	9	500,000	-
Total non-current liabilities		500,000	-
Current liabilities			
Trade and other payables	12	987,083	2,393,616
Other interest-bearing loans and borrowings	13	3,747,961	8,750,784
Total current liabilities		4,735,044	11,144,400
Total liabilities		5,235,044	11,144,400
Net assets/(liabilities)		29,722,708	(10,918,458)
EQUITY			
Share capital	15	1,645,291	1,110
Share premium		38,534,280	3,964,455
Group reorganisation reserve	15	9,938,362	-
Accumulated deficit		(20,395,225)	(14,884,023)
Total equity		29,722,708	(10,918,458)

The financial statements were approved by the Board of Directors and authorised for issue on 20 April 2016. They were signed on its behalf by:

Director
Richard C.E. Morgan

The notes are an integral part of these consolidated financial statements.

Motif Bio plc
Company statement of financial position
At 31 December 2015

	Note	31 December 2015 US $
ASSETS		
Non-current assets		
Investment	18	11,663,308
Total non-current assets		11,663,308
Current assets		
Prepaid expenses and other receivables	10	438,072
Cash	11	28,543,181
Total current assets		28,981,253
Total assets		40,644,561
LIABILITIES		
Current liabilities		
Trade and other payables	12	57,488
Total current liabilities		57,488
Total liabilities		57,488
Net assets		40,587,073
EQUITY		
Share capital	15	1,645,291
Share premium		38,534,280
Reorganisation reserve	15	(544,378)
Accumulated earnings		951,880
Total equity		40,587,073

The notes are an integral part of these consolidated financial statements.

Motif Bio plc
Consolidated statement of changes in equity
For the year ended 31 December 2015

	Note	Share capital US $	Share premium US $	Group reorganisation reserve US $	Accumulated deficit US $	Total US $
Balance at 1 January 2014		844	3,692,207	-	(13,969,350)	(10,276,299)
Loss for the year		-	-	-	(1,185,890)	(1,185,890)
Total comprehensive loss for the year		-	-	-	(1,185,890)	(1,185,890)
Issue of share capital		211	210,373	-	-	210,584
Exercise of share options		55	61,875	-	(28,930)	33,000
Stock based payments	14	-	-	-	300,147	300,147
Balance at 31 December 2014		**1,110**	**3,964,455**	**-**	**(14,884,023)**	**(10,918,458)**
Loss for the year		-	-	-	(8,516,699)	(8,516,699)
Total comprehensive income for the year		-	-	-	(8,516,699)	(8,516,699)
Conversion of promissory notes		3,573	6,275,213	-	-	6,278,786
Group reorganisation	15	539,267	(10,239,668)	9,938,362	-	237,961
Issue of share capital	15	1,095,805	41,334,240	-	-	42,430,045
Cost of issuance		-	(2,898,693)	-	-	(2,898,693)
Exercise of share options and warrants		5,536	98,733	-	-	104,269
Issue of warrants to acquire assets	9	-	-	-	2,340,373	2,340,373
Share-based payments	14	-	-	-	665,124	665,124
Balance at 31 December 2015		**1,645,291**	**38,534,280**	**9,938,362**	**(20,395,225)**	**29,722,708**

The notes are an integral part of these consolidated financial statements.

Motif Bio plc
Company statement of changes in equity
For the period from 20 November 2014 (date of incorporation) to 31 December 2015

	Note	Share capital US $	Share premium US $	Reorganisation reserve US $	Accumulated earnings US $	Total US $
Balance at 20 November 2014		-	-	-	-	-
Loss for the period		-	-	-	(1,757,475)	(1,757,475)
Total comprehensive loss for the period		-	-		(1,757,475)	(1,757,475)
Group reorganisation	15	544,378	-	(544,378)	-	-
Issue of share capital	15	1,095,377	41,334,240	-	-	42,429,617
Cost of issuance		-	(2,898,693)	-	-	(2,898,693)
Exercise of share options and warrants		5,536	98,733	-	-	104,269
Issue of warrants to acquire assets	9	-	-	-	2,340,373	2,340,373
Share-based payments	14	-	-	-	368,982	368,982
Balance at 31 December 2015		**1,645,291**	**38,534,280**	**(544,378)**	**951,880**	**40,587,073**

The notes are an integral part of these consolidated financial statements.

Motif Bio plc
Consolidated statement of cash flows
For the year ended 31 December 2015

	Note	12 months ended 31 December 2015 US $	Restated 12 months ended 31 December 2014 US $
Operating activities			
Operating loss for the year		(8,258,120)	(1,096,116)
Adjustments to reconcile net loss to net cash used in activities:			
Share-based payments	14	325,908	300,147
Interest received		15,028	78
Other income	4	5,995	360,060
Taxation paid		(774)	(876)
Changes in operating assets and liabilities:			
Prepaid expenses, notes receivable, and accounts receivable		(155,578)	(222,661)
Accounts payable and other accrued liabilities		69,857	657,693
Net cash used in operating activities		(7,997,684)	(1,675)
Financing activities			
Proceeds from issuance of promissory notes		704,210	210,364
Proceeds from issue of share capital	15	38,660,106	210,584
Costs of issuance		(2,559,477)	-
Proceeds from exercise of options		62,739	33,000
Interest paid		(268,216)	(449,036)
Net cash provided by financing activities		36,599,362	4,912
Net change in cash		28,601,678	3,237
Cash, beginning of the year		3,281	44
Effect of foreign exchange rate changes		(10,612)	-
Cash, end of the year		28,594,347	3,281
Non-cash investment activity			
Acquisition of intangible asset with equity issuances		6,195,748	-

The notes are an integral part of these consolidated financial statements.

Motif Bio plc
Company statement of cash flows
For the period from 20 November 2014 (date of incorporation) to 31 December 2015

	Note	Period ended 31 December 2015 US $
Operating activities		
Operating loss for the period		(1,761,623)
Adjustments to reconcile net loss to net cash used in activities:		
Share-based payments	14	29,766
Interest received		14,760
Changes in operating assets and liabilities:		
Prepaid expenses, notes receivable, and accounts receivable		(438,072)
Accounts payable and other accrued liabilities		57,488
Net cash used in operating activities		(2,097,681)
Investing activities		
Capital contributions to subsidiary, after acquisition		(5,511,894)
Net cash used in investing activities		(5,511,894)
Financing activities		
Proceeds from issue of share capital	15	38,660,106
Costs of issuance		(2,559,477)
Proceeds from exercise of options		62,739
Net cash provided by financing activities		36,163,368
Net change in cash		28,553,793
Cash, beginning of the period		-
Effect of foreign exchange rate changes		(10,612)
Cash, end of the period		28,543,181

The notes are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements of Motif Bio plc
For the year ended 31 December 2015

1. General information

Motif Bio Limited ("the Company") was incorporated in England and Wales on 20 November 2014 with company registration number 09320890. The Company's registered office is at One Tudor Street, London, EC4Y 0AH, UK. On 1 April 2015 the Company was re-registered as a public company limited by shares and changed its name to Motif Bio plc. Motif BioSciences Inc. was incorporated in the US State of Delaware on 2 December 2003 and has its registered office at 160 Greentree Drive, Suite 101, Dover, Delaware, 19904. On 1 April 2015, Motif BioSciences Inc. became a wholly owned subsidiary of the Company by way of a group reorganisation by plan of merger. The principal place of business is 125 Park Avenue, 25th Floor, New York, NY, 10017, USA. The Company's country of domicile is the UK.

Motif Bio plc is a clinical stage biopharmaceutical company which specialises in developing novel antibiotics designed to be effective against serious and life-threatening infections caused by multi-drug resistant bacteria. The consolidated financial statements include the accounts of Motif Bio plc and its wholly owned subsidiary, Motif BioSciences Inc. ("the Group").

The financial statements were approved by the Board of Directors on 20 April 2016.

Significant events

Nuprim merger

On 31 December 2014, Motif BioSciences Inc. entered into the Nuprim Merger agreement with Nuprim Inc. and the former Nuprim shareholders pursuant to which Nuprim Inc. would merge with and into Motif BioSciences Inc., which would be the surviving corporation. Under the terms of the Nuprim merger procedure Motif BioSciences Inc. obtained the exclusive worldwide rights to the assets owned by Nuprim, including the iclaprim assets, and the rights to acquire certain ancillary materials over a period ending 31 December 2017. Motif BioSciences Inc. issued 1,513,040 (post reverse stock split) shares of common stock to the shareholders of Nuprim Inc. that were held in escrow until the closing of the reorganisation. These shares of common stock in Motif BioSciences Inc. were converted into ordinary shares in Motif Bio plc upon admission to the AIM market of the London Stock Exchange on 2 April 2015 (admission). Upon admission, 9,805,400 ordinary shares of Motif Bio plc and 9,432,033 warrants were issued to the former Nuprim shareholders (note 9).

Group reorganisation by plan of merger and initial public offering

On 18 February 2015, Motif Bio Limited incorporated a Delaware subsidiary, Motif Acquisition Sub, Inc. On 27 March 2015 Motif BioSciences Inc., Motif Bio Limited, and Motif Acquisition Sub, Inc. entered into a plan of merger where, upon admission, Motif Acquisition Sub, Inc. merged with and into Motif BioSciences Inc. and Motif BioSciences Inc. continued as the surviving entity and became a wholly owned subsidiary of Motif Bio plc. Prior to the merger, Motif BioSciences Inc. completed a reverse stock split in order to increase the share price of Motif BioSciences Inc. so that it was closer to the Motif Bio plc admission price. The former Motif BioSciences Inc. shareholders were issued with 36,726,242 ordinary shares in Motif Bio plc in a share-for-share exchange for their common stock in Motif BioSciences Inc. so that immediately following the merger the former Motif BioSciences Inc. shareholders owned an equivalent number of ordinary shares in Motif Bio plc as the number of shares of common stock that they had previously owned in Motif BioSciences Inc. All outstanding, unexercised, and vested stock options over shares of common stock in Motif BioSciences Inc. were converted into options over ordinary shares in Motif Bio plc (note 17).

Although the share-for-share exchange resulted in a change of legal ownership, this was a common control transaction and therefore outside the scope of IFRS 3. The transaction has therefore been accounted for as a group reorganisation, and not a business combination. By applying merger or pooling principles, as opposed to acquisition accounting, the Group is presented as if Motif Bio Plc has always owned Motif BioSciences Inc. The comparatives presented in these financial statements therefore represent the results and capital structure of Motif Biosciences Inc. The reserve on consolidation represents the difference between the nominal value of the shares in Motif Bio plc issued to the former shareholders of Motif BioSciences Inc. and the share capital and share premium of Motif BioSciences Inc at the date of the transaction. As stated, the nominal value of the Motif Bio plc shares were used in the calculation of the reorganisation reserve. This is due to the application of merger relief, a relief under section 612 of the Companies Act 2006, which relieves the requirement to transfer the difference between the nominal and fair value of the issued shares to a share premium account.

The consolidated statement of changes in equity on page 22 and the additional disclosures in note 15 explain the accounting for the share-for-share exchange in more detail.

2. Significant accounting policies

a. Basis of preparation

On 2 April 2015, the Company was admitted to AIM, a market operated by the London Stock Exchange, and issued 14,436,140 of its ordinary shares at a price of £0.20 per share.

On 21 July 2015, the Company had a subsequent placing of 44,000,000 ordinary shares at a price of £0.50 per share.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in this financial information.

The financial statements have been prepared in accordance with the Companies Act 2006 as applicable to companies under IFRS and the requirements of the AIM Rules for Companies and in accordance with this basis of preparation. This basis of preparation describes how the financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU). The financial statements have been prepared under the historical cost convention. A summary of the more important company accounting policies is set out below.

The comparative information for the year ended 31 December 2014 has been extracted from the audited non-statutory financial statements of Motif BioSciences Inc. for the year then ended. The auditors' report on these financial statements, from Motif BioSciences Inc.'s former auditors, was unqualified.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial information and the reported amounts of revenue and expenses during the period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

The Group's business activities, together with factors likely to affect its future development, performance, and financial position are set out in the Chairman's Statement, the CEO's Statement and the Strategic Report on pages 2-7.

Going Concern

These consolidated financial statements of the Group are prepared on a going concern basis taking into account the successful completion of its admission to AIM on 2 April 2015 generating net proceeds of £2.5 million and a subsequent placing on 21 July 2015 generating net proceeds of £20.7 million.

The Directors have prepared cash flow forecasts extending at least 12 months from the date of approval. These forecasts assume no sales and the continuation of costs associated with drug discovery and development. The forecasts show that the Group should be able to operate for at least the next 12 months from the date of these financial statements. The Directors acknowledge that uncertainty remains over the ability of the Group to have the resources to fully support the iclaprim trials. However, the Directors believe the Group will be able to secure financing through public markets, private financing, and partnering opportunities. In addition, since the majority of costs are associated with the clinical trials of iclaprim, the Directors believe the trials could be, if necessary, slowed or stopped. Although these measures would have an adverse effect on the commercialisation of iclaprim, the cost savings would extend the Group's ability to maintain itself as a going concern.

In the event that we do not have adequate capital to maintain or develop our business, additional capital may not be available to us on a timely basis, on favorable terms, or if at all, which could have a material and negative impact on our business and results of operations.

2. Significant accounting policies, continued

New and amended standards adopted by the group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2015:

- *Annual Improvements to IFRSs – 2010-2012 Cycle and 2011-2013 Cycle*

The Group also elected to adopt the following two amendments early:

- *Annual Improvements to IFRSs 2012-2014 Cycle, and*
- *Disclosure Initiative: Amendments to IAS 1.*

As these amendments merely clarify the existing requirements, they do not affect the Group's accounting policies or any of the disclosures.

New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2015 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below.

The expected effective date of IFRS 9 and IFRS 15 is 1 January 2018 and for IFRS 16, it is 1 January 2019. The standards have not yet been endorsed by the EU and the effective date for the Group would actually depend on the EU endorsement effective date. Management has not yet assessed the potential impact of these new standards. These changes could have a substantial impact on the Group's financial statements in the coming years.

Principles of consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances, and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

When the Group ceases to consolidate because of a loss of control, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture, or financial asset.

b. Segment reporting

The chief operating decision-maker is considered to be the Board of Directors of Motif Bio plc. The chief operating decision-maker allocates resources and assesses performance of the business and other activities at the operating segment level. In addition, they review the IRFS consolidated financial statements.

The chief operating decision-maker has determined that Motif has one operating segment - the development and commercialisation of pharmaceutical formulations. All activities take place in the USA.

2. Significant accounting policies, continued

c. Foreign currency translation

(a) Functional and Presentation Currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in United States Dollars (US $), which is Motif Bio plc's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as available-for-sale financial assets are recognised in other comprehensive income.

d. Research and development costs

Expenditure on drug development activities is capitalised only if all of the following conditions are met:

- it is probable that the asset will create future economic benefits;
- the development costs can be measured reliably;
- technical feasibility of completing the intangible asset can be demonstrated;
- there is the intention to complete the asset and use or sell it;
- there is the ability to use or sell the asset; and
- adequate technical, financial, and other resources to complete the development and to use or sell the asset are available.

These conditions are generally met when a filing is made for regulatory approval for commercial production. Otherwise, costs on research activities are recognised as an expense in the period in which they are incurred.

At this time Motif does not meet all conditions and therefore development costs are recorded as expense in the period in which the cost is incurred.

e. Intangible assets

Intangible assets are stated at cost, net of any amortisation and any provision for impairment. Where a finite useful life of the acquired intangible asset cannot be determined, the asset is not subject to amortisation but is tested for impairment annually

2. Significant accounting policies, continued

or more frequently whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

f. Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period. In the year ended 31 December 2015, management reviewed the carrying amount of these assets and determined that no adjustments to carrying values were required.

g. Financial instruments—initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

a) Financial assets, initial recognition and measurement

All financial assets, such as receivables and deposits, are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

The Company assesses, at each reporting date, whether there is objective evidence that a financial asset or a company of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred "loss event"), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

b) Financial liabilities, initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, and payables, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables and loans and borrowings.

c) Subsequent measurement

The measurement of financial liabilities depends on their classification. Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

h. Financial assets and liabilities

Financial assets and financial liabilities are included in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

2. Significant accounting policies, continued

Non-derivative financial instruments

Cash and cash equivalents

Cash and cash equivalents include bank balances, demand deposits, and other short-term, highly liquid investments (with less than three months to maturity) that are readily convertible into a known amount of cash and are subject to an insignificant risk of fluctuations in value.

Financial liabilities and equity

The Group classifies an instrument, or its component parts, on initial recognition as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability and an equity instrument.

An instrument is classified as a financial liability when it is either (i) a contractual obligation to deliver cash or another financial asset to another entity; or (ii) a contract that will or may be settled in the Group's own equity instruments and is a non-derivative for which the Group is, or may be, obliged to deliver a variable number of the Group's own equity instruments or a derivative that will, or may be, settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Group's own equity instruments.

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

An equity instrument is defined as any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. An instrument is an equity instrument only if the issuer has an unconditional right to avoid settlement in cash or another financial asset.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received. Direct issuance costs are processed as a deduction on equity.

Derivative financial instruments

The Group does not have a policy of engaging in speculative transactions, nor does it issue or hold financial instruments for trading purposes.

The Group has entered into various financing arrangements with its investors, including convertible loans. These convertible loans each include embedded financial derivative elements (being the right to acquire equity in the Group at a future date for a pre-determined price). Therefore, while the Group does not engage in speculative trading of derivative financial instruments, it may hold such instruments from time to time as part of its financing arrangements.

2. Significant accounting policies, continued

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The resulting gain or loss is recognised in the consolidated income statement, as the Group currently does not apply hedge accounting.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

i. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency, or bankruptcy of the Company or the counterparty.

j. Share-based payment transactions

The fair value of options and warrants granted to employees, directors, and consultants is normally recognised as an expense, with a corresponding increase in equity, over the period in which the option and warrant holders become unconditionally entitled to the options and warrants unless incremental and directly attributable to an equity transaction in which case it is deducted from equity. The fair value of the options and warrants granted is measured using an option valuation model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options and warrants that vest except where forfeiture is due only to share prices not achieving the threshold for vesting.

Where a third party has provided goods or services in exchange for a compound financial instrument, such as a convertible promissory note, and where the fair value of the goods of services is measured directly, the fair value of the equity component is measured as the differences between the fair value of the goods or services received and the fair value of the debt component.

2. Significant accounting policies, continued

k. Financial income and expenses

Financial income comprises interest receivable on funds invested. Financial expenses comprise interest payable.

Interest income and interest payable are recognised in the income statement as they accrue, using the effective interest method.

l. Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the balance sheet date and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

m. Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its shares. Basic EPS is calculated by dividing the profit or loss attributable to shares of the Company by the weighted average number of shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to shareholders and the weighted average number of shares outstanding for the effects of all dilutive potential shares, which comprise share options and warrants granted to employees and non-employees. Where the Company makes a loss, diluted EPS equates to basic EPS.

n. Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Debt issuance costs on loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

o. Equity

The Company classifies an instrument, or its component parts, on initial recognition as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability and an equity instrument.

An instrument is classified as a financial liability when it is either (i) a contractual obligation to deliver cash or another financial asset to another entity; or (ii) a contract that will, or may be, settled in the Company's own equity instruments and is a non-

2. Significant accounting policies, continued

derivative for which the Company is, or may be, obliged to deliver a variable number of the Company's own equity instruments or a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments.

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

An equity instrument is defined as any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. An instrument is an equity instrument only if the issuer has an unconditional right to avoid settlement in cash or another financial asset.

Ordinary Shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax.

p. Critical accounting estimates and judgements

In preparing the financial information, the Directors have to make judgments on how to apply the Company's accounting policies and make estimates about the future. The critical judgments that have been made in arriving at the amounts recognised in the financial information and the key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities in the next financial year, are discussed below:

Acquisition and valuation of the iclaprim assets

The directors, on assessing if the acquisition of the Nuprim iclaprim assets was of a business or of a group of assets, considered:

- the identified elements of the acquired group;
- the capability of the acquired group to produce outputs; and
- the impact that any missing elements have on a market participant's ability to produce outputs with the acquired group.

As the acquired group was not accompanied by any associated processes and because the acquired assets do not have planned principal activities, or a plan to produce outputs, the Directors considered the acquisition to be of a group of assets, not a business.

The Directors use their judgement to identify the separate intangible assets and then determine a fair value for each based upon the consideration paid, the nature of the asset, industry statistics, future potential, and other relevant factors. These fair values are tested for impairment annually.

Research and development expenditures

Research expenditures are currently not capitalised because the criteria for capitalisation are not met. At each balance sheet date, the Group estimates the level of service performed by the vendors and the associated costs incurred for the services performed.

Although we do not expect the estimates to be materially different from amounts actually incurred, the understanding of the status and timing of services performed relative to the actual status and timing of services performed may vary and could result in reporting amounts that are too high or too low in any particular period.

2. Significant accounting policies, continued

Share based payments

The Directors have to make judgments when deciding on the variables to apply in arriving at an appropriate valuation of share based compensation and similar awards including appropriate factors for volatility, risk free interest rate, and applicable future performance conditions and exercise patterns.

q. Investments in subsidiaries

Investments in subsidiaries are shown in the Company balance sheet at cost and are reviewed annually for impairment.

3. Financial risk management

This note explains the Group's exposure to financial risks and how these risks could affect the Group's future financial performance.

a. Credit risk

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, and if a counterparty will default on its contractual obligations resulting in financial loss to the Group.

The credit risk on liquid funds is limited because cash balances are held with bank and financial institutions with credit-ratings assigned by international credit-rating agencies. All deposits are held with banks with S&P ratings of A-2 and AA- for short term deposits.

At 31 December 2015, no current asset receivables were aged over three months. No receivables were impaired.

b. Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The principal risk to which the Group is exposed is liquidity risk.

The Group finances its operations using cash raised through the issue of equity. The Group manages its liquidity risk by monitoring cash flows against forecast requirements based on an 18 month cash forecast. The Directors acknowledge that uncertainty remains over the ability of the Group to have the resources to fully support the iclaprim trials. However, the Directors believe the Group will be able to secure financing through public markets, private financing, and partnering opportunities. In addition, since the majority of costs are associated with the clinical trials of iclaprim, the Directors believe the trials can be slowed or stopped. Although these measures would have an adverse effect on the commercialisation of iclaprim, the cost savings would extend the Group's ability to maintain itself as a going concern.

The Group would also like to begin clinical trials of iclaprim in other disease indications. In order to commence these trials, the Group would need to obtain additional financing. A delay in beginning these additional trials could lead to a decrease in the Group's prospects for the commercialisation of iclaprim. In order to continue the current clinical trials of iclaprim and commence new clinical trials the Group is heavily dependent on the public markets both in the UK and US. A downturn in the public markets, especially in biotech, may make it difficult for the Group to obtain sufficient funds to continue its clinical trials and the commercialisation of iclaprim. The current clinical trials of iclaprim have just commenced and the outcome of the trials will not be known until the third quarter of 2017. Should the clinical trial results be unfavorable, the Group's ability to raise additional funds and the commercialisation of iclaprim would be severely diminished.

In the event that we do not have adequate capital to maintain or develop our business, additional capital may not be available to us on a timely basis, on favorable terms, or at all, which could have a material and negative impact on our business and results of operations.

3. Financial risk management, continued

Contractual maturities of financial liabilities:

At 31 December 2015	< 1 year US $	Between 1 and 2 years US $	Between 2 and 5 years US $	Over 5 years US $	Total
Trade and other payables	987,083	-	-	-	987,083
Accrued interest payable	197,175	-	-	-	197,175
Payable on completion of clinical trial	-	500,000	-	-	500,000
Other interest bearing loans and borrowings	3,550,786	-	-	-	3,550,786
	4,735,044	500,000	-	-	5,235,044

At 31 December 2014	< 1 year US $	Between 1 and 2 years US $	Between 2 and 5 years US $	Over 5 years US $	Total
Trade and other payables	2,393,616	-	-	-	2,393,616
Accrued interest payable	1,769,330	-	-	-	1,769,330
Other interest bearing loans and borrowings	6,981,454	-	-	-	6,981,454
	11,144,400	-	-	-	11,144,400

c. Market risk

Foreign currency risk

The Group undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed by minimising the balance of foreign currencies to cover expected cash flows during periods where there is strengthening in the value of the foreign currency. The Group holds part of its cash resources in US dollars and British pound sterling. The valuation of the cash fluctuates along with the US dollar/sterling exchange rate. No hedging of this risk is undertaken.

The carrying amounts of foreign currency denominated monetary net assets at the reporting date are as follows:

	2015 US $	2014 US $
Sterling - Cash	2,617,033	-

At 31 December 2015, if pounds sterling had weakened/strengthened by 5% against the US dollar with all other variables held constant, the loss for the year would have been US $131,000 (2014: US $0) higher/lower.

Interest rate risk

The Group's exposure to interest rate risk is limited to the cash and cash equivalent balance of US $28,594,347 and its financing exposures that are at fixed rates of interest. Changes in interest rates would have no significant impact on the profit or losses of the Group.

d. Capital risk management

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

3. Financial risk management, continued

structure, the Directors may adjust the amount of dividends paid to shareholders, return capital to shareholders and issue new shares to reduce debt.

4. Other income and expense items

This note provides a breakdown of the items included in other income, finance income, and costs and an analysis of expenses by nature.

a. Other income

	2015 US $	2014 US $
Forgiveness of debt (note 19)	5,027	360,060
	5,027	360,060

b. Breakdown of expenses by nature

	2015 US $	2014 US $
General and administrative expenses		
Employee benefits expenses	1,146,566	302,468
Directors' fees	380,969	-
Advisory fees	459,904	240,000
Legal and professional fees	1,277,552	510,143
Other expenses	312,189	43,505
	3,577,180	1,096,116
Research and development costs	4,680,940	-

Auditors' Remuneration	2015 US $	2014 US $
Fees payable to the Group's auditors		
- Audit of the Group's annual accounts for 2015 and 2014	73,730	-

c. Finance income and costs

	2015 US $	2014 US $
Finance income		
Interest from financial assets	15,028	78
	15,028	78
Finance costs		
Interest paid/payable for financial liabilities	(268,216)	(449,036)
	(268,216)	(449,036)
Net finance costs	(253,188)	(448,958)

5. Employee numbers and costs

The monthly average number of persons employed by Motif (including Executive Directors but excluding Non-executive Directors) and key management personnel during the year, analysed by category, was as follows:

	12 months ended 31 Dec 2015	12 months ended 31 Dec 2014
Executive Directors	2	1
Key management personnel	2	0
	4	1

The aggregate payroll costs of Executive Directors and key management personnel were as follows:

	12 months ended 31 Dec 2015 US $	12 months ended 31 Dec 2014 US $
Short term benefits:		
Wages and salaries	935,081	210,000
Social security and other employer costs	60,604	-
Share based payments	150,881	92,468
	1,146,566	302,468

6. Directors' remuneration

	Salaries and fees US $	(1) Bonuses US $	Benefits in kind US $	Social security US $	2015 Total US $	2014 Total US $
Executive						
Graham Lumsden	315,000	225,000	-	17,180	557,180	-
Robert Bertoldi	55,558	75,000	-	4,568	135,126	-
Non-executive						
Richard Morgan	63,372	153,700	-	-	217,072	-
Charlotta Ginman	28,741	-	-	3,301	32,042	-
Jonathan Gold	25,881	-	-	-	25,881	-
Zaki Hosny	28,756	-	-	-	28,756	-
Mary Lake Polan	25,881	-	-	-	25,881	-
John Stakes	28,756	-	-	-	28,756	-
Bruce Williams	25,881	-	-	-	25,881	-
Total	597,826	453,700	-	25,049	1,076,575	-

The highest paid director's aggregate emolument was US $557,180 for the year. The director did not exercise share options during the year.

(1) Bonuses were awarded to Executive Directors and the Chairman in recognition of their extraordinary service in successfully completing the merger with Nuprim Inc., the AIM listing, a secondary fund raising, QIDP designation from the FDA, and the initiation of the Phase III clinical trials.

6. Directors' remuneration, continued

Directors of the Company have been awarded rights to subscribe for shares in the Company as set out below.

	1 January 2015	Granted	31 December 2015	Exercise price US $	Grant date	Expiry date
Richard Morgan	73,215	-	73,215	$0.70	1 Jan 2010	1 Jan 2020
	6,179	-	6,179	$0.70	1 Jan 2011	1 Jan 2021
	502,950	-	502,950	$0.14	4 Dec 2014	4 Dec 2024
	582,344	-	582,344			
Robert Bertoldi	53,887	-	53,887	$0.70	1 Jan 2010	1 Jan 2020
	251,475	-	251,475	$0.14	4 Dec 2014	4 Dec 2024
	305,362	-	305,362			
Charlotta Ginman	251,475	-	251,475	$0.14	4 Dec 2014	4 Dec 2024
	251,475	-	251,475			
Jonathan Gold	73,502	-	73,502	$0.70	1 Jan 2010	1 Jan 2020
	5,964	-	5,964	$0.70	1 Jan 2011	1 Jan 2021
	251,475	-	251,475	$0.14	4 Dec 2014	4 Dec 2024
	330,941	-	330,941			
Zaki Hosny	53,888	-	53,888	$0.70	18 Jun 2009	18 Jun 2019
	14,370	-	14,370	$0.70	1 Jan 2010	1 Jan 2020
	2,587	-	2,587	$0.70	1 Jan 2011	1 Jan 2021
	107,774	-	107,774	$0.14	30 Jan 2013	30 Jan 2023
	251,475	-	251,475	$0.14	4 Dec 2014	4 Dec 2024
	430,094	-	430,094			
Graham Lumsden	574,800	-	574,800	$0.14	25 May 2013	25 May 2023
	2,874,000	-	2,874,000	$0.14	4 Dec 2014	4 Dec 2024
	3,448,800	-	3,448,800			
Mary Lake Polan	67,036	-	67,036	$0.70	1 Jan 2010	1 Jan 2020
	5,461	-	5,461	$0.70	1 Jan 2011	1 Jan 2021
	251,474	-	251,474	$0.14	4 Dec 2014	4 Dec 2024
	323,971	-	323,971			
John Stakes	62,366	-	62,366	$0.70	1 Jan 2010	1 Jan 2020
	2,802	-	2,802	$0.70	1 Jan 2011	1 Jan 2021
	251,474	-	251,474	$0.14	4 Dec 2014	4 Dec 2024
	316,642	-	316,642			
Bruce Williams	67,252	-	67,252	$0.70	1 Jan 2010	1 Jan 2020
	28,740	-	28,740	$0.70	16 Jan 2010	16 Jan 2020
	71,850	-	71,850	$0.70	15 Nov 2010	16 Jan 2020
	2,802	-	2,802	$0.70	1 Jan 2011	1 Jan 2021
	251,474	-	251,474	$0.14	4 Dec 2014	4 Dec 2024
	422,118	-	422,118			

7. Income tax expense

Recognised in the income statement:

Current tax expense	12 months ended 31 Dec 2015 US $	12 months ended 31 Dec 2014 US $
UK Corporation taxes	-	-
Overseas taxes	774	876
	774	876

The main rate of UK corporation tax was reduced from 21% to 20% from 1 April 2015 and has been reflected in these financial statements.

The tax expense recognised for the year is lower (2014: lower) than the standard rate of corporation tax in the UK of 20.25% (2014: 21.5%). The differences are reconciled below:

Reconciliation of effective tax rate:	2015 US $	2014 US $
Loss on ordinary activities before taxation	(8,515,925)	(1,185,014)
UK Corporation tax at 20.25%	(355,889)	-
Overseas tax at higher rate	(2,297,873)	(402,905)
Effects of:		
Unrecognised losses	(2,652,988)	(402,029)
Other adjustments-overseas taxes	774	876
Total tax charge	774	876

There is an unrecognised deferred tax asset of US $298,771, relating to deferred tax on losses generated of US $1,757,475 in the UK.

8. Loss per share

Basic loss per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of shares in issue during the year. For comparative purposes, the weighted average number of shares in issue in the year ended 31 December 2014 have been adjusted to reflect the reverse stock split in the capital of Motif BioSciences Inc. on 13 March 2015. In accordance with IAS 33, where the Company has reported a loss for the period, the shares are anti-dilutive.

	12 months ended 31 Dec 2015 US $	12 months ended 31 Dec 2014 US $
Loss after taxation	(8,516,699)	(1,185,890)
Basic and diluted weighted average shares in issue	61,225,922	6,428,926
Basic and diluted loss per share	**(0.14)**	**(0.18)**

8. Loss per share, continued

The following potentially dilutive securities outstanding at 31 December 31, 2015 and 2014 have been excluded from the computation of diluted weighted average shares outstanding, as they would be antidilutive.

	2015 US $	2014 US $
Convertible promissory notes	14,510,770	-
Warrants	6,925,962	-
Share options	7,182,674	-
	28,619,406	-

9. Intangible assets

As of 1 January 2014	
Cost	-
Accumulated amortisation and impairment	-
Net book amount at 1 January 2014	-
Additions	-
Amortisation charge	-
Net book amount at 31 December 2014	-
As of 31 December 2014	
Cost	-
Accumulated amortisation and impairment	-
Net book amount at 31 December 2014	-
Additions	6,195,748
Amortisation charge	-
Net book amount at 31 December 2015	6,195,748

Motif BioSciences Inc., as the result of the merger agreement with Nuprim Inc., acquired the exclusive rights to Nuprim's iclaprim assets and the rights to acquire 600 kilograms of iclaprim API over a period ending 31 December 2017. Iclaprim was originally discovered by F. Hoffman-La Roche Ltd and was licensed to and developed by Arpida AG on 1 June 2001. On 30 November 2009, Acino Holding Ltd acquired the iclaprim business from Arpida Ltd. Acino Phara AG sold all rights, title and interest to iclaprim to Life Sciences Management Group, Inc. ("LSMG") on 13 September 2013. LSMG then assigned all of its rights to iclaprim to Nuprim Inc. As part of the transaction Motif BioSciences Inc. is responsible for costs and expenses related to or arising from the transfer of the iclaprim assets, including storage and delivery costs of the physical drug supply and inventory which are due and payable after 17 October 2014 and Motif BioSciences Inc. must assume and accept the terms and obligations arising under the Acino-LSMG agreement, including payment obligations which principally relate to the storage costs of the physical drug supply. Motif BioSciences Inc. is also responsible for any third-party legal or administrative costs incurred by Nuprim in connection with the transaction and any obligations arising under a sale and purchase agreement between F. Hoffmann-La Roche Ltd, Hoffmann-La Roche Inc. and Arpida Ltd., dated 1 June 2001 which principally relates to a royalty of 1-5%, depending on the final drug developed upon commercialisation. Motif BioSciences Inc. issued 1,513,040 (post reverse stock split) shares of common stock to the shareholders of Nuprim that were held in escrow until the closing of the reorganisation. These shares of common stock in Motif BioSciences Inc. were converted into ordinary shares in Motif Bio plc on admission.

On 31 December 2014, Motif BioSciences Inc. finalised the merger agreement. Upon admission, 9,805,400 ordinary shares of Motif Bio plc and 9,432,033 warrants were issued to the former Nuprim shareholders. The warrants have an exercise price of 20 pence and expire on the date ten years from the closing date of the transaction. In the event that Motif BioSciences Inc. fails to advance the development of iclaprim by commencing clinical development by 15 February 2017, the former Nuprim shareholders have the right to acquire the iclaprim assets for a purchase price of US $10,000. Motif BioSciences Inc. has commenced clinical development of iclaprim. The right of the Nuprim shareholders to acquire the iclaprim assets has therefore ended.

9. Intangible assets, continued

The Directors do not believe that the merger between Motif BioSciences Inc. and Nuprim Inc. meets the definition of an acquisition of a business as set out in IFRS 3 and is therefore accounted for as an acquisition of an asset.

The fair value of the assets acquired under the merger arrangement represent the aggregate estimated value of:

- 11,318,439 ordinary shares in Motif Bio plc at the placing price of 20 pence per share;
- 9,432,033 non-assignable warrants at the placing price of 20 pence per ordinary share; and
- a milestone payment of US $500,000 to be paid by Motif BioSciences Inc. to Acino upon completion of the first Phase III trial.

The value of the warrants has been estimated using the Black Scholes option pricing model with appropriate factors for volatility and risk free interest rate. The Directors consider the separable value of the active pharmaceutical ingredients is unlikely to constitute a material component of the fair value of the assets acquired. No discount has been applied to the expected milestone payment of US $500,000 given the commencement of the phase III trial is deemed to have crystalised the liability that management expect to be settled by the end of 2017.

Details of the purchase consideration and amounts attributed to net assets acquired are as follows:

	US $
Purchase consideration:	
Ordinary shares in Motif Bio plc	3,355,375
Warrants to subscribe for ordinary shares in Motif Bio plc	2,340,373
Total purchase consideration	5,695,748
Iclaprim assets	6,195,748
Milestone payment	(500,000)
Net assets acquired	5,695,748

As the asset is not yet available for commercial use, no amortisation has been charged to date.

The Group performs an impairment test over the asset on an annual basis. The asset, iclaprim, is a novel antibiotic drug designed to be effective against bacteria that have developed resistance to other antibiotics. Iclaprim is currently in two Phase III studies in ABSSSI, a common serious infectious disease involving multi-drug resistant bacteria. Motif has engaged Covance, a leading clinical research organisation to manage the Phase III studies at an approximate cost of US $50 million. Six hundred patients will be dosed in each study over a period of approximately 18 months. The first patient was dosed in March 2016. Motif anticipates a decision on approvability from the FDA in 2018. As iclaprim is being actively developed in two Phase III studies and the potential market for iclaprim is several hundred million US dollars, there is no impairment at 31 December 2015.

10. Prepaid expenses and other receivables

	Group		Company	
Amounts due within one year	**12 months ended 31 Dec 2015 US $**	**12 months ended 31 Dec 2014 US $**	**12 months ended 31 Dec 2015 US $**	**12 months ended 31 Dec 2014 US $**
Other receivables and prepayments	167,657	210,661	26,609	-
Amounts due from subsidiary	-	-	411,463	-
	167,657	**210,661**	**438,072**	**-**

Included in other receivables at 31 December 2014 is an amount of US $210,583 in relation to the acquisition of the iclaprim assets. On 17 October 2014, Motif BioSciences Inc. issued 2,105,832 common shares to the shareholders of Nuprim Inc. at the execution of an agreed upon term sheet. Under the term sheet, Motif BioSciences Inc. merged Nuprim Inc. into Motif BioSciences Inc. and acquired the exclusive rights to Nuprim's iclaprim assets, the issued shares of common stock in Motif

10. Prepaid expenses and other receivables, continued

BioSciences Inc. were held in escrow until the closing of the reorganisation. The Directors considered the fair value of the common shares in Motif BioSciences Inc. at the date of issue to be US $0.10 per share.

The maximum exposure to credit risk at the end of each reporting period is the fair value of each class of receivables set out above. The Company held no collateral as security. The Directors estimate that the carrying value of receivables approximated their fair value.

11. Cash and cash equivalents

	Group		Company	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
	US $	US $	US $	US $
Cash at bank	28,594,347	3,281	28,543,181	-
	28,594,347	3,281	28,543,181	-

12. Trade and other payables

	Group		Company	
Amounts due within one year	12 months ended 31 Dec 2015 US $	12 months ended 31 Dec 2014 US $	12 months ended 31 Dec 2015 US $	12 months ended 31 Dec 2014 US $
Trade payables	108,247	22,243	-	-
Accrued expenses	877,238	2,241,644	57,488	-
Amounts due to affiliates	1,598	129,729	-	-
	987,083	**2,393,616**	**57,488**	**-**

Included in trade and other payables were amounts due to affiliates in respect of accrued interest on loan notes (see note 13) and other liabilities as follows:

Amounts due to Amphion Innovations plc	78,409	1,513,080	-	-
Amounts due to Amphion Innovations US Inc	110,769	177,463	-	-
	189,178	**1,690,543**	**-**	**-**

The Directors estimate that the carrying value of trade and other payables approximated their fair value.

13. Other interest bearing loans and borrowings

	Group		Company	
Amounts due within one year	12 months ended 31 Dec 2015 US $	12 months ended 31 Dec 2014 US $	12 months ended 31 Dec 2015 US $	12 months ended 31 Dec 2014 US $
Convertible promissory notes	-	200,000	-	-
Notes payable to affiliates	3,550,786	6,781,454	-	-
Accrued interest expense	197,175	1,769,330		
	3,747,961	8,750,784	-	-

The convertible promissory notes were issued in July 2008 by Motif BioSciences Inc. The notes accrued interest at 5% per annum until maturity and accrued interest at 7% after maturity. In the event Motif BioSciences Inc. received aggregate gross proceeds that equaled or exceeded US $4,000,000 from a financing that includes the offering of the notes including conversion of Motif BioSciences Inc.'s existing debt, the principal amount of these notes and the accrued but unpaid interest would automatically be converted into shares of Motif BioSciences Inc.'s Series D preferred shares, at a per share price equal to the

13. Other interest bearing loans and borrowings, continued

lower of US $4.00 and the lowest sales price of the Motif BioSciences Inc.'s preferred shares in relevant prior offerings. At any time prior to the occurrence of a mandatory conversion, the note holder could convert the principal and accrued but unpaid interest into shares of Motif BioSciences Inc.'s Series D preferred shares at a per share price equal to the lower of US $4.00 and the lowest sales price of the Motif BioSciences Inc.'s preferred stock in relevant prior offerings. On 20 January 2015, the convertible promissory noteholders exercised the option, conditional upon Motif Bio plc's admission on AIM, to convert US $200,000, of convertible promissory notes and US $78,787 of accrued interest into shares of Motif BioSciences Inc. On Admission, the shares were converted into ordinary shares of Motif Bio plc under the terms of the Motif Merger Agreement.

The notes payable to affiliates are demand notes from a shareholder of the Group – Amphion Innovations plc and its subsidiary undertaking, Amphion Innovations US Inc. At 31 December 2014, the notes accrued interest at 5% per annum. If the principal or accrued interest remained outstanding at such time as the Motif BioSciences Inc. concluded an equity financing that equaled or exceeded one million US dollars, the note holder could convert all or part of the principal balance plus accrued but unpaid interest into the securities of Motif BioSciences Inc. issued in the financing at a conversion rate equal to the price per security at which the securities are issued in the financing. On 1 April 2015, Amphion Innovations plc converted US $6,000,000 of notes and accrued interest into shares of Motif BioSciences Inc. The shares were converted into ordinary shares of Motif Bio plc upon Admission under the terms of the Motif Merger Agreement. Convertible promissory notes were issued for Amphion Innovations plc's remaining balance of US $1,471,700 and Amphion Innovations US Inc.'s balance of US $2,079,086 that includes unpaid accrued interest and advisory and consultancy fees. The new notes, which accrue interest at 7% per annum, mature on 31 December 2016 and can be converted into ordinary shares of Motif Bio plc at the rate of US $0.1758 per share, and have been accounted for under IFRS2.

In January 2015, Motif BioSciences Inc. entered into four convertible promissory notes totaling US $704,210 as part of a pre-Admission fundraising. Upon admission, the notes were converted into 2,612,766 shares of Motif Bio plc. Motif Bio plc issued 499,570 warrants to noteholders with an exercise price of 20 pence per share. The expiration date for 176,246 of the warrants was 31 December 2015 and 31 December 2016 for 323,324 of the warrants.

14. Share based payments

Motif BioSciences Inc. issued options and warrants to employees, directors, consultants, and note holders. As part of the merger between Motif Acquisition Sub, Inc. and Motif BioSciences Inc., described in note 17, each outstanding share option granted by Motif BioSciences Inc. was assumed and converted by Motif Bio plc into options to subscribe for ordinary shares in Motif Bio plc. The number of share options and the exercise prices have been adjusted to reflect the reverse stock split in the capital of Motif BioSciences Inc. on 13 March 2015.

On 4 December 2014, Motif BioSciences Inc. adopted a Share Option Plan (the "Plan") under which options can be granted to employees, consultants, and directors. Under the Plan 9,304,575 (post reverse stock split) options were issued in 2014 that will vest over three years and expire in ten years from the date of grant.

Motif Bio plc adopted a Share Option Plan (the "New Plan") on 1 April 2015. This new plan replaces Motif BioSciences Inc.'s previous share plan. There were no changes to the fair value of share options granted under the Plan with the only change being to grant the holders shares in Motif Bio plc rather than Motif BioSciences Inc. upon exercising options. The exercise price for each option will be established in the discretion of the Board provided that the exercise price for each option shall not be less than the nominal value of the relevant shares if the options are to be satisfied by a new issue of shares by the Company and provided that the exercise price per share for an option shall not be less than the fair market value of a share on the effective date of grant of the option. Options will be exercisable at such times or upon such events and subject to such terms, conditions, performance criteria, and restrictions as determined by the Board on grant date. However, no option shall be exercisable after the expiration of ten years after the effective date of grant of the option. In 2015, 1,000,000 options were issued under the New Plan that will expire in ten years and vest over three years with no further performance criteria.

Motif Bio plc issued 642,384 warrants to its nominated advisor, 642,384 warrants to its broker, and 82,321 warrants to a fundraising advisor in part consideration for their participation in the admission. The warrants have an exercise price of 20 pence per share and expire on the fifth anniversary of admission.

14. Share based payments, continued

On admission, 9,432,033 warrants were issued to the former Nuprim shareholders with an exercise price of 20 pence per share and expire on the tenth anniversary of admission (note 9) and 499,570 warrants were issued to the participants of the pre-admission fundraiser with an exercise price of 20 pence per share. The expiration date for 176,246 of the warrants was 31 December 2015 and 31 December 2016 for 323,324 of the warrants (note 13).

For options exercised, the weighted average share price in 2015 was US $0.22 (2014: US $0.10).

	Number of share options	Weighted average exercise price US $
Outstanding at 1 January 2014	**5,993,793**	**0.727**
Granted during the year	9,520,125	0.139
Forfeited during the year	(468,221)	0.157
Exercised during the year	(395,175)	0.084
Expired during the year	(515,331)	1.218
Outstanding at 31 December 2014	**14,135,191**	**0.349**
Granted during the year	12,298,692	0.340
Forfeited during the year	(915,923)	0.376
Exercised during the year	(363,054)	0.216
Expired during the year	(188,320)	4.175
Outstanding at 31 December 2015	**24,966,586**	**0.316**

The fair value of options and warrants has been valued using the Black Scholes option pricing model. Volatility has been estimated by reference to historical stock price data of the Group. The assumptions for each option grant were as follows:

	12 months ended 31 Dec 2015	12 months ended 31 Dec 2014
Weighted average share price (US $)	0.53	0.14
Weighted average exercise price (US $)	0.53	0.14
Expected volatility	79-94%	80-84%
Number of periods to exercise	10 years	10 years
Risk free rate	2.18 – 2.64%	2.15 - 2.64%
Expected dividends	-	-

The range of exercise prices of the options at 31 December 2015 were US $0.14-$0.87 (31 December 2014: US $0.14-$4.18). The weighted average remaining contractual life of the outstanding options is 7.9 years. The options will be equity settled. The share price used for the share option plan prior to being traded on AIM was based on management's assessment of the valuation of the Group given the net assets and future potential of the Group at the time of granting.

The total expense recognised for the years arising from stock-based payments are as follows:

	12 months ended 31 Dec 2015 US $	12 months ended 31 Dec 2014 US $
Share based payment expense	325,908	300,147
Cost of issuance charged to equity	339,216	-

15. Share capital

Allotted, called up, and fully paid:	Number	US $
In issue at 31 December 2014	100	-
Issued:		
Ordinary shares of 1p each	36,726,242	544,378
Ordinary shares of 1p each	9,805,400	145,341
Ordinary shares of 1p each	657,894	9,752
Ordinary shares of 1p each	2,612,766	38,728
Ordinary shares of 1p each	14,436,140	215,375
Ordinary shares of 1p each	82,627	1,269
Ordinary shares of 1p each	25,147	390
Ordinary shares of 1p each	44,000,000	686,180
Ordinary shares of 1p each	140,321	2,128
Ordinary shares of 1p each	53,887	825
Ordinary shares of 1p each	25,147	389
Ordinary shares of 1p each	35,925	536
	108,601,496	1,645,291

Motif Bio Limited was incorporated on 20 November 2014 with 100 ordinary shares of 1 pence each, which was subscribed for unpaid. The shares were transferred upon capitalisation.

On 2 April 2015, Motif Bio plc issued 36,726,242 ordinary shares to the Motif BioSciences Inc. shareholders as consideration for the transfer of the entire issued common stock of Motif BioSciences Inc. to the Company.

On 2 April 2015, Motif Bio plc issued 9,805,400 ordinary shares to the former Nuprim shareholders as consideration for the merger of Motif BioSciences Inc. and Nuprim.

On 2 April 2015, Motif Bio plc issued 657,894 ordinary shares to a creditor of Motif BioSciences Inc. in payment of the balance due.

On 2 April 2015, Motif Bio plc issued 2,612,766 shares to the pre-admission note holders upon conversion of the convertible promissory notes.

On 2 April 2015, Motif Bio plc issued 14,436,140 ordinary shares upon its admission on AIM at the price of 20 pence per share.

During 2015, 186,808 ordinary shares were issued upon the exercise of options and 176,246 ordinary shares were issued upon the exercise of warrants.

On 21 July 2015, Motif Bio plc placed 44,000,000 new ordinary shares at a placing price of 50 pence per ordinary share for total net proceeds of £20,737,583 (US $32,340,260).

Share premium represents the excess over nominal value of the fair value consideration received for equity shares net of expenses of the share issue.

Retained deficit represents accumulated losses.

The group re-organisation reserve arose when Motif Bio plc became the parent of the Group. The transaction, falling as it does outside the scope of IFRS 3, has been accounted for as a group re-organisation and not a business combination. The re-organisation reserve can be derived by calculating the difference between the nominal value of the shares in Motif Bio plc issued to the former shareholders in Motif BioSciences Inc. and the share capital and share premium of Motif BioSciences Inc. at the date of the merger.

15. Share capital, continued

A minor fair value adjustment is also included in the reorganization reserve. This represents the uplift to fair value of the initial deposit shares in Motif BioSciences Inc. issued to the shareholders of Numprim Inc. on the execution of the agreed upon term sheet of the Nuprim merger (note 9), which were converted to shares in Motif Bio plc on admission to AIM.

16. Financial assets and financial liabilities

The Group holds the following financial instruments:

	Group	Company
	Financial assets at amortised cost	Financial assets at amortised cost
Financial assets	**US $**	**US $**
2015		
Prepaid expenses and other receivables	167,657	26,609
Due from affiliates	-	411,463
Cash and cash equivalents	28,594,347	28,543,181
	28,762,004	28,981,253
2014		
Notes receivable	12,000	-
Prepaid expenses and other receivables	210,661	-
Cash and cash equivalents	3,281	-
	225,942	-

	Group	Company
	Financial liabilities at amortised cost	Financial liabilities at amortised cost
Financial liabilities	**US $**	**US $**
2015		
Trade and other payables	1,184,258	57,488
Payable on completion of clinical trial	500,000	-
Other interest bearing loans and borrowings	3,550,786	-
	5,235,044	57,488
2014		
Trade and other payables	4,162,946	-
Payable on completion of clinical trial	-	-
Other interest bearing loans and borrowings	6,981,454	-
	11,144,400	-

17. Group reorganisation by plan of merger

On 18 February 2015, Motif Bio Limited incorporated a Delaware subsidiary, Motif Acquisition Sub, Inc. On 27 March 2015, Motif BioSciences Inc., Motif Bio Limited, and Motif Acquisition Sub, Inc. entered into a plan of merger where, upon admission, Motif Acquisition Sub, Inc. merged with and into Motif BioSciences Inc. and Motif BioSciences Inc. continued as the surviving entity and became a wholly owned subsidiary of Motif Bio plc.

The former Motif BioSciences Inc. shareholders were issued with 36,726,242 ordinary shares in Motif Bio plc in exchange for their common stock in Motif BioSciences Inc. so that immediately following the merger the former Motif BioSciences Inc. shareholders own an equivalent number of ordinary shares in Motif Bio plc as the number of shares of common stock that they had previously owned in Motif BioSciences Inc. All outstanding, unexercised, and vested stock options over shares of common stock in Motif BioSciences Inc. were converted into options over ordinary shares in Motif Bio plc.

The Directors consider the acquisition of the entire issued common stock of Motif BioSciences Inc. by Motif Bio plc in exchange for equivalent equity participation in Motif Bio plc to be a group re-organisation and not a business combination and to fall outside the scope of IFRS 3 given it meets the requirements of IAS27 paragraph 13. Having considered the requirements of IAS

17. Group reorganisation by plan of merger, continued

8 and the relevant UK and US guidance, the transaction is accounted for on a merger or pooling of interest basis as if both entities have always been combined, using book values, with no fair value adjustments made nor goodwill recognised.

18. Subsidiaries

Company name	Country of incorporation	Percentage shareholding	Percentage voting power	Method used to account for investment
Motif BioSciences Inc.	Delaware, USA	100%	100%	Consolidation

The principal activity of Motif BioSciences Inc. is proprietary drug discovery research and development.

19. Related party transactions

Transactions with Amphion Innovations plc and Amphion Innovations US Inc.

At 31 December 2015, Amphion Innovations plc owned 26.08% of the issued ordinary shares in Motif Bio plc. In addition, Amphion Innovations plc and its wholly owned subsidiary undertaking, Amphion Innovations US Inc., (together the "Amphion Group") have provided funding for the activities of Motif BioSciences Inc. through the issue of convertible interest bearing loan notes. Richard Morgan and Robert Bertoldi were directors of both Motif Bio plc and Amphion Innovations plc in the period. Transactions between the Group and the Amphion Group are disclosed below:

	12 months ended 31 Dec 2015 US $	12 months ended 31 Dec 2014 US $
Amounts due to Amphion Innovations plc	-	116,777
Amounts due to Amphion Innovations US Inc.	1,599	12,952
Notes payable to Amphion Innovations plc	1,471,700	5,894,746
Notes payable to Amphion Innovations US Inc.	2,079,086	886,707
Accrued and unpaid interest on loan notes	189,178	1,690,543
Interest expense	189,178	435,036

On 1 April 2015, Motif Bio plc entered into an Advisory and Consultancy Agreement with Amphion Innovations US Inc. The consideration for the services is US $120,000 per annum. In the event that Motif Bio plc raises a minimum of £5,000,000 in gross proceeds on AIM Admission or a secondary raise, a one-time payment of US $300,000 will be paid to Amphion Innovations US Inc. This amount was paid on 21 July 2015. The agreement is for an initial period of twelve months and will automatically renew each year on the anniversary date unless either party notifies the other by giving 90 days written notice prior to expiration.

On 1 April 2015, Motif Bio plc entered into a Consultancy Agreement with Amphion Innovations plc for Robert Bertoldi, an employee of Amphion Innovations plc, to provide services to the Group. The consideration for the services is US $5,000 per month. On 1 November 2015, the consideration increased to US $180,000 annually. The agreement is for an initial period of twelve months and will automatically renew each year on the anniversary date unless either party notifies the other by giving 90 days written notice prior to expiration.

Transactions with key management personnel

Other income includes US $5,027 (2014: US $284,842) from forgiveness of debt related to a Director of the Company. This resulted from a settlement agreement regarding salary owed to the Director from his term as CEO.

19. Related party transactions, continued

The Directors are responsible for planning, directing, and controlling the activities of the Company. Transactions between the Company and its key management personnel and are disclosed in notes 5 and 6 above.

Directors' remuneration

	Salaries and fees US $	Bonuses US $	Benefits in kind US $	Social security US $	2015 Total US $	2014 Total US $
Executive						
Graham Lumsden	315,000	225,000	-	17,180	557,180	-
Robert Bertoldi	55,558	75,000	-	4,568	135,126	-
Non-executive						
Richard Morgan	63,372	153,700	-	-	217,072	-
Charlotta Ginman	28,741	-	-	3,301	32,042	-
Jonathan Gold	25,881	-	-	-	25,881	-
Zaki Hosny	28,756	-	-	-	28,756	-
Mary Lake Polan	25,881	-	-	-	25,881	-
John Stakes	28,756	-	-	-	28,756	-
Bruce Williams	25,881	-	-	-	25,881	-
Total	597,826	453,700	-	25,049	1,076,575	-

20. Post balance sheet events

In January 2016, the Group appointed U.S. healthcare investment bank MTS Health Partners to advise on its future financing options within the U.S. market.

In February 2016, Motif BioSciences Inc. entered into an agreement with BAL Pharma Consulting, LLC for the development and planning of the commercialisation of iclaprim.

In March 2016, the Group initiated dosing in the iclaprim Phase III Trials for the treatment of acute bacterial skin and skin structure infections (ABSSSIs). These clinical trials will assess the efficacy and safety of iclaprim compared to a standard of care antibiotic, vancomycin, for the treatment of ABSSSIs.

In March 2016, the Group appointed specialist adviser the Fulford Group Ltd. to assist Motif in developing and implementing strategies to commercialise iclaprim in territories outside of the USA.

In April 2016, Jonathan Gold, a Non-executive Director, entered into a consulting agreement with Motif BioSciences Inc.

In April 2016, Pete A. Meyers and Rajesh B. Shukla were appointed as Chief Financial Officer and Vice President Clinical Operations, respectively.

NOTICE OF ANNUAL GENERAL MEETING

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to what action you should take, you are recommended to seek your own financial advice from your stockbroker or other independent adviser authorised under the Financial Services and Markets Act 2000.

If you have recently sold or transferred all of your shares in Motif Bio plc, please forward this document, together with the accompanying documents, as soon as possible either to the purchaser or transferee or to the person who arranged the sale or transfer so they can pass these documents to the person who now holds the shares.

Notice is hereby given that the Annual General Meeting ("**AGM**") of Motif Bio plc (the "**Company**"), will be held at 2:00pm BST on 2 June 2016 at the offices of Reed Smith LLP at Broadgate Tower, 20 Primrose Street, London EC2A 2RS, UK for the transaction of the following business:

Ordinary Business

As ordinary business to consider and, if thought fit, to pass the following resolutions, each of which will be proposed as an ordinary resolution:

Resolution No. 1	To receive and adopt the Company's financial statements for the period ending 31 December 2015, together with the Directors' Report and Auditors' Report on those financial statements.
Resolution No. 2	To appoint Mr. Richard C.E. Morgan as a Director, who is retiring under the provisions of article 78 of the Company's Articles of Association at the AGM of the Company and who, being eligible, offers himself for re-election as permitted by article 84.
Resolution No. 3	To appoint Dr. Graham G. Lumsden as a Director, who is retiring under the provisions of article 78 of the Company's Articles of Association at the AGM of the Company and who, being eligible, offers himself for re-election as permitted by article 84.
Resolution No. 4	To appoint Mr. Robert J. Bertoldi as a Director, who is retiring under the provisions of article 78 of the Company's Articles of Association at the AGM of the Company and who, being eligible, offers himself for re-election as permitted by article 84.
Resolution No. 5	To appoint Ms. Charlotta Ginman as a Director, who is retiring under the provisions of article 78 of the Company's Articles of Association at the AGM of the Company and who, being eligible, offers herself for re-election as permitted by article 84.
Resolution No. 6	To appoint Mr. Jonathan Gold as a Director, who is retiring under the provisions of article 78 of the Company's Articles of Association at the AGM of the Company and who, being eligible, offers himself for re-election as permitted by article 84.
Resolution No. 7	To appoint Mr. Zaki Hosny as a Director, who is retiring under the provisions of article 78 of the Company's Articles of Association at the AGM of the Company and who, being eligible, offers himself for re-election as permitted by article 84.
Resolution No. 8	To appoint Dr. Mary Lake Polan as a Director, who is retiring under the provisions of article 78 of the Company's Articles of Association at the AGM of the Company and who, being eligible, offers herself for re-election as permitted by article 84.

Resolution No. 9	To appoint Dr. John W. Stakes III as a Director, who is retiring under the provisions of article 78 of the Company's Articles of Association at the AGM of the Company and who, being eligible, offers himself for re-election as permitted by article 84.
Resolution No. 10	To appoint Mr. Bruce Williams as a Director, who is retiring under the provisions of article 78 of the Company's Articles of Association at the AGM of the Company and who, being eligible, offers himself for re-election as permitted by article 84.
Resolution No. 11	To reappoint as auditors PricewaterhouseCoopers LLP to hold office from the conclusion of the AGM to the conclusion of the next meeting at which the financial statements are laid before the Company, at a remuneration to be determined by the Directors.
Resolution No. 12	That the directors of the Company be and they are hereby generally and unconditionally authorised for the purposes of section 551 of the Companies Act 2006 (the "**Act**") to exercise all the powers of the Company to allot shares and grant rights to subscribe for, or convert any security into, shares up to an aggregate nominal amount of £162,902.24. This authority shall be in substitution for and shall replace any existing authorities to the extent not utilised at the date this resolution is passed and shall expire at the conclusion of the next AGM.

Special Business

As special business to consider and, if thought fit, to pass the following resolutions, each of which will be proposed as a special resolution:

Resolution No. 13	That, subject to the passing of resolution 12, the directors of the Company be and they are hereby empowered pursuant to section 570 of the Act to allot equity securities (as defined in section 560 of the Act) of the Company for cash pursuant to the authorities conferred by resolution 1 as if section 561 of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities for cash up to an aggregate nominal amount of £162,902.24. This power shall expire at the conclusion of the next AGM.

By order of the Board

Richard C.E. Morgan
Dated: 20 April 2016
Chairman

Registered Office

One Tudor Street
London EC4Y 0AH
United Kingdom

Notes to the Notice of Annual General Meeting:

1. A member entitled to attend and vote at the AGM convened by this notice is entitled to appoint one or more proxies to attend and, on a poll, to vote in his or her stead. A proxy need not be a member of the Company.

2. To appoint a proxy you may use the form of proxy enclosed with this notice of AGM. Please carefully read the instructions on how to complete the form of proxy. To be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of the same, must reach the Company's Registrars, Share Registrars Limited, Suite E, First Floor, 9 Lion and Lamb Yard, Farnham, Surrey, GU9 7LL, United Kingdom or by scan and email to proxies@shareregistrars.uk.com not less than 48 hours before the time of holding of the AGM (excluding any part of a day that is not a business day). The form of proxy should therefore be completed and deposited with the Company's Registrars by 2.00 pm BST on 31 May 2016. The completion and return of a form of proxy will not preclude a member from attending the AGM and voting in person if he or she so wishes. If a member has appointed a proxy and attends the AGM in person, such proxy appointment will automatically be terminated.

3. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, the Company has specified that only those holders of the Company's shares registered on the register of members of the Company 48 hours before the time of the General Meeting, or, in the event that the AGM is adjourned, of any adjourned AGM (excluding any part of a day that is not a business day) shall be entitled to attend and vote at the AGM in respect of the number of such shares registered in their name at the relevant time. Changes to entries on the register of members after that time shall be disregarded in determining the rights of any person to attend and vote at the AGM.

4. Any member may insert the full name of a proxy or the full names of two alternative proxies of the member's choice in the space provided with or without deleting "the Chairman of the meeting". A proxy need not be a member of the Company, but must attend the meeting to represent the relevant member. The person whose name appears first on the form of proxy and has not been deleted will be entitled to act as proxy to the exclusion of those whose names follow. If this proxy form is signed and returned with no name inserted in the space provided for that purpose, the Chairman of the meeting will be deemed to be the appointed proxy. Where a member appoints as his/her proxy someone other than the Chairman, the relevant member is responsible for ensuring that the proxy attends the meeting and is aware of the member's voting intentions. Any alteration, deletion or correction made in the form of proxy must be initialled by the signatory/ies.

5. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different Existing Ordinary Shares. You may not appoint more than one proxy to exercise rights attached to any one Existing Ordinary Share. If you wish to appoint more than one proxy, please contact the Company's Registrars, Share Registrars Limited on 01252 821390 or +44 1252 821390 from outside the UK. Lines are open from 9.00 am to 5.30 pm Monday to Friday, excluding public holidays. Alternatively you may write to Share Registrars Limited, Suite E, First Floor, 9 Lion and Lamb Yard, Farnham, Surrey, GU9 7LL, United Kingdom for additional proxy forms and for assistance.

6. Any corporation which is a member of the Company can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same Existing Ordinary Share.

7. As at the close of business on the date immediately preceding this notice the Company's issued share capital comprised 108,601,496 ordinary shares. Each ordinary share carried the right to one vote at the AGM and, therefore, the total number of voting rights in the Company as at the close of business immediately preceding this notice is 108,601,496.

8. A member's instructions to the proxy must be indicated in the appropriate space provided. To abstain from voting on a resolution, select the relevant "Vote withheld" box. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her decision. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.

9. This form of proxy must be signed by the appointor or his attorney duly authorised in writing. The power of attorney or other authority (if any) under which the form of proxy is signed, or a notarially certified copy of the power or authority, must be received by the Company's registrar with the form of proxy. If the appointor is a corporation, the form of proxy should be signed on its behalf by an attorney or duly authorised officer or executed as a deed or executed under common seal. In the case of joint holders, the signature of any one of them will suffice, but the names of all joint holders should be stated. If more than one holder is present at the meeting, the vote of the first named on the register of members of the Company will be accepted to the exclusion of other joint holders.

10. CREST members who wish to appoint a proxy or proxies through the CREST Electronic Proxy Appointment Service may do so for the AGM and any adjournment(s) thereof by following the procedures described in the CREST manual. All messages relating to the appointment of a proxy or an instruction to a previously-appointed proxy, which are to be transmitted through CREST, must be received by Share Registrars Limited (ID 7RA36) no later than 2.00 pm BST on 31 May 2016, or, if the meeting is adjourned, 48 hours before the time fixed for the adjourned meeting (excluding any part of a day that is not a business day).

11. In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to the Registrars, in the case of a member which is a company, the revocation notice must be executed in accordance with note 12 below. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice must be received by the Registrars not less than 48 hours (excluding any part of a day that is not a business day) before the time fixed for the holding of the Meeting or any adjourned Meeting (or in the case of a poll before the time appointed for taking the poll) at which the proxy is to attend, speak and to vote. If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

12. A corporation's form of proxy must be executed pursuant to the terms of section 44 of the Companies Act 2006 or under the hand of a duty authorised officer or attorney.

13. Any power of attorney or any other authority under which the proxy form is signed (or duly certified copy of such power of authority) must be included with the proxy form.

Directors, Secretary, and Advisors

Directors	**Richard C.E. Morgan**	*Non-executive Chairman*
	Dr. Graham Lumsden	*Chief Executive Officer*
	Robert J. Bertoldi	*Chief Financial Officer*
	Charlotta Ginman	*Non-executive Director*
	Jonathan Gold	*Non-executive Director*
	Zaki Hosny	*Non-executive Director*
	Dr. Mary Lake Polan	*Non-executive Director*
	Dr. John Stakes III	*Non-executive Director*
	Bruce Williams	*Non-executive Director*
Nominated Advisor	**Zeus Capital Limited** 41 Conduit Street London W1S 2YQ United Kingdom	
Joint Broker	**Zeus Capital Limited** 41 Conduit Street London W1S 2YQ United Kingdom	
Joint Broker	**Northland Capital Partners Limited** 60 Gresham Street 4th Floor London EC2V 7BB United Kingdom	
Company Secretary	**Stephen Austin LL.B (Hons)**	
Registered Office	One Tudor Street London EC4Y 0AH United Kingdom	
Financial Adviser	**Plumtree Capital Limited** One Tudor Street London EC4Y 0AH United Kingdom	
Auditors to the Company	**PricewaterhouseCoopers LLP** 32 Albyn Place Aberdeen AB10 1YL Scotland	
Solicitors to the Company	**Reed Smith LLP** Broadgate Tower 20 Primrose Street London EC2A 2RS United Kingdom	

Public and Investor Relations	**Walbrook PR Ltd.** 4 Lombard Street London EC3V 9HD United Kingdom
Registrars to the Company	**Share Registrars Limited** Suite E, First Floor 9 Lion and Lamb Yard Farnham Surrey GU9 7LL United Kingdom
Website	**www.motifbio.com**

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