



PORT ERIN BIOPHARMA INVESTMENTS LIMITED

INTERIM REPORT 2015
For the six-month period ended 31 December 2015

Registration number: Isle of Man 006874V

PORT ERIN BIOPHARMA INVESTMENTS LIMITED

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PORT ERIN BIOPHARMA INVESTMENTS LIMITED

Chairman's statement

Introduction

Following the successful completion of the Tender Offer to distribute a *pro rata* number of the Company's holding of Magna Biopharma Income Fund ("MBIF") in February 2015, 50.68 per cent. of the Company's issued Ordinary Shares were redeemed and cancelled. Those shareholders who accepted the Offer received 15.87 pence per Ordinary Share. The Company still retains a significant investment in MBIF, representing just under half the value of the investment portfolio at period end. MBIF's investment objective continues to seek growing income distributions with capital appreciation potential in the long term by investing in a diversified portfolio of biopharma sector securities. The prospects for this investment remain compelling and the share price has grown by 0.2 per cent. during the reporting period.

Aside from MBIF, the Company has two other principal investments, namely in Plethora Solutions Holdings plc ("Plethora") and in Summit Therapeutics plc ("Summit"). Plethora continues to make good progress in commercialising FORTACIN™, a treatment and management for urological disorders. In November 2015, Plethora announced an offer for the company by Regent Pacific Group Limited ("Regent"). This offer became effective on 8 March 2016 and we have received 15.7076 Regent shares for each Plethora share. As a result, Plethora's funding for the medium term is secured and the enlarged company benefits from a Hong Kong Stock Exchange listing.

Summit is an international biopharmaceutical company focussed on the discovery and development of novel medicines to treat the fatal muscle wasting disease Duchenne Muscular Dystrophy ("DMD") and infections caused by the bacteria *C. difficile* ("CDI"). Summit has established a leadership position in the field of utrophin modulation and is developing a robust pipeline of first-, second- and future-generation product candidates. Its main utrophin modulator, SMT C1100, has received regulatory approval to advance into Phase 2 clinical trials following the successful completion of a Phase 1b clinical trial in patients with DMD. SMT19969 ("Ridinilazole") is a novel antibiotic for the treatment of CDI that is currently being evaluated in a Phase 2 proof of concept clinical trial being conducted in the US and Canada. Ridinilazole has also been granted a key European patent.

During the period, the Company invested £94,995 in the Diabetic Boot Company Limited ("DBC"). DBC, founded in 2010, is UK based and has been investor-funded since inception. DBC's vision is to create the most effective therapy for treating diabetic foot ulcers and to save countless people from having lower limb amputations. Their solution, named 'PulseBoot', has been designed to look like normal footwear and is set to become the new gold standard in the outcome of treating diabetic foot ulcers by aiding blood flow with a unique and patented technology called 'PulseFlow™'.

Financial Review

The Company recorded a net loss of £184,674 for the half-year (2014: loss of £143,388). During the period, our investment income including dividends, net realised gains on sales, and net unrealised gains were £96,448 (2014: £83,835). Operating expenses were £88,257 (2014: £227,223, which included the professional fees in connection with the tender offer). No performance fees during the period. Basic and diluted loss per share of 0.79 pence (2014: earnings of 0.42 pence).

Our invested assets at fair value were £2,494,733 (Year-end 2015: £2,454,953), and cash and equivalents were £24,011 (Year-end 2015: £255,568). Total net assets stood at £2,501,893 (Year-end 2015: £2,686,567), including receivables of £6,341 (Year-end 2015: £7,646) less payables of £23,192 (Year-end 2015: £31,600). Thus the net asset value per share at 31 December 2015 was 10.79 pence (Year-end 2015: 11.58 pence). The decrease in the net asset value was as a result of the loss of £184,673 for the period which was partly due to the unrealised loss on investments of £96,512 and the running costs of the Company. There were no exceptional costs during the period.

Strategy and Outlook

The Company's three principal investments continue to show significant growth potential for the remainder of 2015 and beyond. In addition, your Board is currently considering a number of further options which show significant promise in being able to eliminate the substantial discount to Net Asset Value in line with the investing policy adopted in November 2013.

Jim Mellon
Chairman

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Condensed statement of comprehensive income

	<i>Notes</i>	Period ended 31/12/2015 (unaudited) £	<i>Period ended 31/12/2014 (unaudited) £</i>
Investment Income	2	(96,448)	83,835
Operating expenses			
Performance fee	3	-	-
Other costs	4	(92,520)	(269,234)
Foreign exchange gains		4,263	42,011
Operating loss		(184,705)	(143,388)
Interest received		31	-
Loss before taxation		(184,674)	(143,388)
Taxation		-	-
Loss for the period		(184,674)	(143,388)
Other comprehensive income		-	-
Total comprehensive loss for the period		(184,674)	(143,388)
Basic and diluted loss per share for loss attributable to the equity holders of the Company during the period (pence)	5	(0.79)	(0.42)

The Directors consider that the Company's activities are continuing.

The notes on pages 6 to 7 form part of these interim financial statements.

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Condensed statement of financial position

	<i>Notes</i>	31/12/2015 (unaudited) £	30/06/2015 (audited) £
Current assets			
Financial assets at fair value through profit or loss	6	2,494,733	2,454,953
Trade and other receivables		6,341	7,646
Cash and cash equivalents		24,011	255,568
Total assets		2,525,085	2,718,167
Equity			
Called up share capital		23	23
Share premium		1,890,142	1,890,142
Distributable reserves		611,728	796,402
Total equity		2,501,893	2,686,567
Current liabilities			
Trade and other payables	7	23,192	31,600
Total liabilities		23,192	31,600
Total equity and liabilities		2,525,085	2,718,167

The notes on pages 6 to 7 form part of the interim financial statements.

These interim financial statements were approved by the Board of Directors on 16 March 2016 and were signed on their behalf by:

Denham Eke

Director

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Condensed statement of changes in equity

<i>Notes</i>	Share capital £	Share premium £	Distributable reserves £	Total £
Balance at 01 July 2014 (audited)	34	2,759,551	2,221,841	4,981,426
Total comprehensive income for the period:				
Loss for the period	-	-	(143,388)	(143,388)
Other comprehensive income	-	-	-	-
Balance at 31 December 2014 (unaudited)	34	2,759,551	2,078,453	4,838,038

<i>Notes</i>	Share capital £	Share premium £	Distributable reserves £	Total £
Balance at 01 July 2015 (audited)	23	1,890,142	796,402	2,686,567
Total comprehensive income for the period:				
Loss for the period	-	-	(184,674)	(184,674)
Other comprehensive income	-	-	-	-
Balance at 31 December 2015 (unaudited)	23	1,890,142	611,728	2,501,893

The notes on pages 6 to 7 form part of these interim financial statements.

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Condensed statement of cash flows

	<i>Notes</i>	Period ended 31/12/ 2015 (unaudited) £	<i>Period ended 31/12/2014 (unaudited) £</i>
Cash flows from operating activities			
Loss for the period		(184,674)	(143,388)
Adjusted for:			
Interest received		(31)	-
Realised and unrealised loss/(gains)	2	96,448	(83,835)
Performance fee settled by transfer of investment		-	379,053
Changes in working capital:			
Decrease in receivables		1,304	11,258
(Decrease)/increase in payables		(8,408)	(325,125)
Cash flows from operations		(95,361)	(162,037)
Cash flows from investing activities			
Purchase of investments		(136,486)	-
Disposal of investments		259	67,278
Interest received		31	-
Net cash generated from investing activities		(136,196)	67,278
(Decrease)/increase in cash and cash equivalents		(231,557)	(94,759)
Cash and cash equivalents at beginning of period		255,568	526,503
Cash and cash equivalents at the end of period		24,011	431,744

The notes on pages 6 to 7 form part of these interim financial statements.

Notes to the financial statements

1 Significant accounting policies

The accounting policies adopted by the Company in the preparation of these condensed interim financial statements are the same as those applied by the Company in its financial statements as at and for the year ended 30 June 2015. No new accounting policies were adopted during the period.

The interim financial statements are unaudited. The audited financial statements of the Company as at and for the year ended 30 June 2015 will be available at the Company's website below:

<http://www.porterinbiopharma.com>

2 Investment income

	31/12/2015 (unaudited) £	31/12/2014 (unaudited) £
Dividend income	-	-
Net realised gains on sale of investments	65	34,961
Net unrealised (loss)/gains on investments	(96,513)	48,874
Total investment income	(96,448)	83,835

3 Performance fee

	31/12/2015 (unaudited) £	31/12/2014 (unaudited) £
Performance fee	-	-

Shellbay Investments Limited receives performance fees for the provision of Jim Mellon as investment advisory consultant and Non-Executive Chairman of the Company. The fees are calculated at 15 per cent. of any increase in the net asset value of the Company over each quarterly period. No fees were payable for the current period (31 December 2014: £nil).

4 Other costs

	31/12/2015 (unaudited) £	31/12/2014 (unaudited) £
Directors' fees	5,000	2,810
Auditors' remuneration for the current period	10,329	7,500
Bank charges	166	104
Insurance	2,937	2,690
Marketing	-	-
Professional fees	74,088	253,581
Sundry expenses	-	2,549
Total other costs	92,520	269,234

The Company has no employees other than the Directors.

5 Basic and diluted earnings per share

The calculation of basic earnings per share of the Company is based on the loss for the period of £184,674 (31 December 2014: loss of £143,388) and the weighted average number of shares of 23,195,558 (31 December 2014: 33,864,836) in issue during the period.

Diluted earnings per share are calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares such as warrants and options. There is no dilutive effect in the current or prior period as there were no outstanding warrants or options.

Notes to the Financial Statements (continued)

6 Financial assets at fair value through profit or loss

	31/12/2015 (unaudited) £	30/06/2015 (audited) £
Quoted	2,163,102	2,145,661
Unquoted	331,631	309,292
Total financial assets at fair value	2,494,733	2,454,953
Equities	2,491,869	2,377,468
Warrants	2,864	77,485
Total financial assets at fair value	2,494,733	2,454,953

7 Trade and other payables

	31/12/2015 (unaudited) £	30/06/2015 (audited) £
Provision for audit fee	8,373	15,000
Shellbay Investments Limited	-	-
Other	14,819	16,600
Total trade and other payables	23,192	31,600

8 Related party transactions

Under an agreement dated 1 December 2011, Burnbrae Limited, a company related to both Jim Mellon and Denham Eke, provide certain services, principally accounting and administration, to the Company. This agreement may be terminated by either party on three months' notice. The Company incurred a total cost of £18,000 (31 December 2014: £18,000) during the period under this agreement of which £nil was outstanding as at the period end (30 June 2015: £3,024).

Under an agreement dated 6 May 2011 and renewed on 1 June 2013, Shellbay Investments Limited, a company related to both Jim Mellon and Denham Eke, provide the services of Jim Mellon as investment advisory consultant and Non-Executive Chairman of the Company (see note 3). The charge for services provided in the period was £nil (31 December 2014: £nil). No amount was outstanding at the period-end (30 June 2015: £nil).

Jim Mellon is Non-Executive Chairman of Plethora Solutions Holdings plc and is directly and indirectly interested in 15.4% of the company's issued capital.

Jim Mellon is directly and indirectly interested in 18.5% of the issued capital of the Diabetic Boot Company Limited.

9 Commitments and contingent liabilities

There are no known commitments or contingent liabilities as at the period end.

10 Events after the reporting date

On 8 March 2016, Plethora Solutions Holdings plc announced that Regent Pacific Group Limited had acquired the entire issued and to be issued ordinary share capital of the company. The Company will receive 15.7076 Regent Pacific Group Limited's shares per 1 Plethora Solutions Holdings plc share held.