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This announcement contains inside information.

Motif Bio plc
("Motif Bio" or the "Company")

13 July 2016

MOTIF BIO PUBLISHES CIRCULAR FOR AUTHORITY TO ALLOT UP TO 100 MILLION ORDINARY SHARES PURSUANT TO A PROPOSED US OFFERING

Motif Bio plc (AIM: MTFB), the clinical stage biopharmaceutical company specialising in developing novel antibiotics, announces that it is to publish today a Circular seeking authority to allot up to 100 million Ordinary Shares pursuant to a Proposed US Offering. The Circular providing details of the Proposed US Offering will be posted to Shareholders, together with a Notice of General Meeting, today and will be available on the Company's website at www.motifbio.com.

For further information please contact:

Motif Bio plc Richard Morgan (Chairman) Graham Lumsden (Chief Executive Officer)	info@motifbio.com
Zeus Capital Limited (NOMAD & BROKER) Phil Walker/Giles Balleny Dominic Wilson	+44 (0)20 3829 5000
Northland Capital Partners Limited (BROKER) Patrick Claridge/ David Hignell John Howes/ Rob Rees (Broking)	+44 (0)20 3861 6625
Walbrook PR Ltd. (FINANCIAL PR & IR) Paul McManus Mike Wort	+44 (0)20 7933 8780 or motifbio@walbrookpr.com Mob: +44 (0)7980 541 893 Mob: +44 (0)7900 608 002
MC Services AG (EUROPEAN IR) Raimund Gabriel	+49 (0)89 210 2280

About Motif Bio

Motif Bio is a clinical-stage biopharmaceutical company, engaged in the research and development of novel antibiotics designed to be effective against serious and life-threatening infections in hospitalised patients caused by multi-drug resistant bacteria. Our lead product candidate, iclaprim, is being developed for the treatment of acute bacterial skin and skin structure infections (ABSSSI) and hospital acquired bacterial pneumonia (HABP), including ventilator associated bacterial pneumonia (VABP), which is often caused by MRSA (methicillin resistant Staphylococcus aureus). We are currently enrolling and dosing patients in two global Phase 3 clinical trials with an intravenous formulation of iclaprim, for the treatment of ABSSSI, which are expected to complete in the second half of 2017.

Forward Looking Statements

This document contains "forward-looking statements" which include all statements other than statements of historical facts, including, without limitation, those regarding the Group's financial position, business strategy, plans and objectives of management for future operations, or any statements preceded by, followed by or that include the words "targets", "believes", "expects", "aims", "intends", "will", "may", "anticipates", "would", "could" or "similar" expressions or negatives thereof. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond the Company's control that could cause the actual results, performance or achievements of the Group to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Group's present and future business strategies and the environment in which the Group will operate in the future. These forward-looking statements speak only as at the date of this document. The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein to reflect any change in the Company's expectations with regard thereto or any change in events, conditions or circumstances on which any such statements are based unless required to do so by applicable law or the AIM Rules for Companies

1. INTRODUCTION

The Company has announced today that it has filed a registration statement on Form F-1 with the SEC as part of the Company's plan to conduct the Proposed US Offering. Currently, the exact timing of the Proposed US Offering, the number of, and the price range for, the ADSs to be offered and sold in the Proposed US Offering have not been determined. The Proposed US Offering is subject to the SEC satisfactorily completing its review process, and will be subject to market and other conditions and there is no assurance that the Proposed US Offering will be completed or successful. The Company has applied to list the ADSs on NASDAQ and application will also be made to the London Stock Exchange for the Proposed US Offering Shares to be admitted to trading on AIM. The Company's Ordinary Shares will continue to be traded on the AIM market of the London Stock Exchange.

The Directors believe that the Proposed US Offering will provide the Company the opportunity to continue to build value for existing shareholders and will provide access to further capital to enable the Company to complete the Phase III clinical trials currently underway with iclaprim in patients with ABSSSI and, depending on the proceeds raised, to initiate dosing of the first patient in an additional Phase III clinical trial with iclaprim in patients with HABP, including patients with VABP.

In due course, the Company will be required to allot and issue Ordinary Shares for the Proposed US Offering. As such, in order to minimise any delay in completing the Proposed US Offering the Directors are seeking authority in advance of the Proposed US Offering to allot and issue the Proposed US Offering Shares and permit the disapplication of statutory pre-emption rights in respect of the allotment of the Proposed US Offering Shares. Further details on the Proposed US Offering are set out below. However, it should be noted that there is no assurance that the Proposed US Offering will be completed or successful.

The purpose of the Circular is for the Directors: (i) to explain the background to and reasons for the Proposed US Offering; (ii) to explain why they are seeking authority from you, the Shareholders, to issue the Proposed US Offering Shares for cash on a non-pre-emptive basis; and (iii) to recommend that you, the Shareholders, vote in favour of the Resolutions.

2. BACKGROUND TO AND REASONS FOR THE PROPOSED US OFFERING

Motif Bio is a clinical stage biopharmaceutical company engaged in the research and development of novel antibiotics designed to be effective against serious and life threatening infections in hospitalised patients which are caused by multi drug resistant bacteria. Our lead product candidate, iclaprim, is being developed for the treatment of infections caused by MRSA and other Gram-positive bacteria. The first two indications will be acute bacterial skin and skin structure infections ("ABSSSI") and hospital acquired bacterial pneumonia ("HABP"). We are currently enrolling and dosing patients in two global Phase III clinical trials with an IV formulation of iclaprim for the treatment of ABSSSI.

Recent Developments

Since its initial public offering in April 2015, the Group has made significant progress in the clinical development of iclaprim with a view to bringing this novel antibiotic to market, in particular:

- the FDA agreed to the commencement of Phase III trials of iclaprim for ABSSSI and HABP in April 2015;
- in July 2015 the FDA granted QIDP designation for iclaprim in ABSSSI and HABP and a successful placing was undertaken raising £22 million (before expenses) for the Company at 50 pence per share;
- the FDA granted Fast Track designation for iclaprim IV to treat ABSSSI and HABP in September 2015;
- October 2015 saw Motif Bio engage Covance, a global leading CRO, to conduct the Phase III clinical trials to evaluate the efficacy and safety of IV iclaprim versus IV vancomycin in the treatment of ABSSSI; and
- Motif Bio dosed the first patient in the Phase III iclaprim trials for ABSSSI in March 2016.

ABSSSI

The Company, with the agreement of the FDA and MEB, has initiated two Phase III global trials (REVIVE-1 and REVIVE-2) to study iclaprim for the treatment of ABSSSI compared to vancomycin, the standard of care treatment for Gram positive hospitalised infections caused by MRSA. Vancomycin accounts for approximately 73 per cent. of the days of therapy for hospitalised Gram-positive infections in the U.S.[1]. The two global, 600 patient, randomised, double blind Phase III trials each have two arms with patients assigned to receive either iclaprim or vancomycin. A fixed dose of 80 mg of iclaprim, based on modelling and simulation of pharmacokinetic data from the previous Phase III clinical trials of iclaprim in cSSSI, was agreed with the FDA and MEB. It is believed that this dose will optimise the potential clinical efficacy and safety outcomes for the REVIVE 1 and REVIVE 2 studies. Patients can be included in the clinical trials if they have a skin lesion with a minimum size of 75 cm^2. The FDA primary endpoint to demonstrate effectiveness is at least a 20 per cent. reduction in lesion size at 48-72 hours. The EMA primary endpoint is clinical cure at one to two weeks after antibiotic treatment ends.

Achieving these two endpoints in the two pivotal Phase III trials would be expected to satisfy both FDA and EMA requirements for regulatory submission, enabling the Company to submit an NDA in the United States and an MAA in Europe for an IV formulation of iclaprim for the treatment of ABSSSI caused by Gram positive pathogens, including resistant strains such as MRSA. The Directors believe that, if approved, iclaprim can become a valuable addition to the formulary of life saving antibiotics used by hospital physicians. In addition, up to 26 per cent. of high-risk hospitalised ABSSSI patients suffer from kidney disease and vancomycin has been associated with nephrotoxicity and requires dose adjustment depending on the severity of kidney disease. Iclaprim has not been associated with nephrotoxicity and requires no dosage adjustment, offering an appropriate alternative for these patients.

Iclaprim has received QIDP and Fast Track designations for the treatment of ABSSSI and HABP under the GAIN Act. These designations make iclaprim eligible to benefit from certain incentives including FDA priority review, and if ultimately approved by the FDA, an additional five-year extension of Hatch-Waxman exclusivity, resulting in a total of 10 years of market exclusivity, starting from the date of NDA approval.

The Company intends to pursue the Proposed US Offering to secure funding required to complete the Phase III clinical trials for the treatment of ABSSSI.

1 Source: Market share estimated using multiple data sources, including IMS Health, 3 year sales and unit trend data for selected Gram positive anti-bacterial through December 2015

HABP

The Company is preparing its INSPIRE Phase III clinical trial with iclaprim in patients with HABP, including patients with VABP. Based on data from a Phase II clinical trial which demonstrated iclaprim's efficacy in this patient population, we believe that iclaprim is well suited for use as a first line empiric therapy for patients with HABP, including patients with VABP. Additionally, in a Phase I healthy volunteer trial concentrations of iclaprim at the site of infection in the lungs were considerably higher than concentrations in plasma. The Company intends to use a portion of the proceeds from the Proposed US Offering to complete its preparations for the INSPIRE Phase III clinical trial and, depending on the proceeds raised, to initiate dosing of the first patients in the INSPIRE Phase III trial itself.

The Company plans to complete preparations for its INSPIRE Phase III clinical trial with iclaprim in patients with HABP, including patients with VABP, by the end of 2016. Subject to the availability of funding, the Company would look to start dosing patients thereafter. The Board will continue to explore further funding options, in addition to the Proposed US Offering, including strategic partnerships with other pharmaceutical companies and non-dilutive government funding from grants.

3. DETAILS OF THE PROPOSED US OFFERING

The Company is seeking to raise funds through the Proposed US Offering and has filed a registration statement with the SEC in connection therewith. However the timing of the Proposed US Offering, and the precise determination of the number and price of ADSs to be offered by the Company, will be determined by the Directors during the offering process. There is no assurance that the Proposed US Offering will be completed or successful. In the event that the Company were to sell all 100 million Proposed US Offering Shares, based on the closing mid-market price of 45.25 pence, the price of an Ordinary Share on 12 July 2016, the Company would receive £45.25 million (approximately US$60 million) in gross proceeds.

The ADSs are negotiable instruments issued by Bank of New York Mellon, a depositary bank, and represent ownership of Ordinary Shares. Each of the offered ADSs will represent an exact number of Ordinary Shares. This number will be determined by the Directors during the offering process.

There will be no offer to the public in the United Kingdom (including to the Company's existing Shareholders generally) of ADSs or Ordinary Shares in connection with the Proposed US Offering. A limited number of institutional shareholders of the Company may participate in the Proposed US Offering.

The Proposed US Offering is subject to, *inter alia*, the passing of Resolutions 1 and 2 as set out in paragraph 6 below. The Directors are requesting authority to issue up to 100 million Ordinary Shares in aggregate in connection with the Proposed US Offering or by way of a separate Placement. The Directors are keen to ensure that the Company is as well funded as possible to enable it to complete the Phase III ABSSSI trials and to complete the preparations for, and subject to available funding, initiate dosing of the first patients in the Phase III HABP, including VABP, trial. In granting authority to the Directors to issue the Proposed US Offering Shares in the Proposed US Offering or by way of a Placement at a later date, but in any event before 31 December 2016, the Shareholders will be granting the Directors the flexibility to issue the Proposed US Offering Shares at any time that funds are available from potential investors.

An existing Shareholder, Invesco Asset Management Limited ("Invesco"), which acts as agent for and on behalf of its discretionary managed clients and beneficially owns approximately 25% of the Existing Ordinary Shares, has indicated an interest in participating in the Proposed US Offering. Assuming a Proposed US Offering of US$35 million, Invesco has indicated an interest in purchasing up to an aggregate of $8.89 million of ADSs in the Proposed US Offering at the public offering price per ADS. The underwriters will receive a reduced underwriting discount in respect of ADSs sold to this existing institutional Shareholder. However, because indications of interest are not binding agreements or commitments to purchase, the underwriters may determine to sell more, less or no ADSs in this offering to Invesco, or Invesco may determine to purchase more, less or no ADSs in this offering.

4. USE OF PROCEEDS

The net proceeds of the Proposed US Offering will be used as follows:

The first US$35 million will be used to:

4.1 fund the expenses to be incurred in completing the two Phase III clinical trials of iclaprim for the treatment of ABSSSI;

4.2 prepare a Phase III clinical trial of iclaprim for the treatment of HABP, including VABP; and

4.3 fund working capital, general and administrative expenses, research and development expenses, and other general corporate purposes.

If more than US$35 million is raised, the Company intends to use the additional proceeds to initiate dosing of the first patients in the INSPIRE Phase III clinical trial.

The Company will require further capital in order to complete the Phase III HABP, including VABP, trial and the Board will continue to explore further funding options, including the issuance of additional securities as well as strategic partnerships with other pharmaceutical companies and non-dilutive government funding from grants.

5. CURRENT PROSPECTS AND OUTLOOK

Over the last 12 months, since the Company's £22 million placing in July 2015, the Group has continued to focus on the development of iclaprim, and therefore no revenue has been generated in the review period. The Group's largest expenditure has been on research and development costs including external clinical development costs and general and administrative costs, which include expenses charged by Amphion US, and outside consultancy fees from partners and engaged consultants who lead the development of products.

The Directors believe that the Company's prospects remain positive and confirm that since the Company's Final Results for the year ended 31 December 2015, which were announced on 20 April 2016, and as reflected in the unaudited results for the three month period to 31 March 2016, which are set out below, the Company has continued to progress in line with expectations.

6. GENERAL MEETING

A notice is set out at the end of the Circular convening the General Meeting to be held at the offices of Reed Smith LLP at The Broadgate Tower, 20 Primrose Street, London EC2A 2RS on 1 August 2016 at 2.00 p.m. at which the following Resolutions will be proposed:

(A) Resolution 1, which will be proposed as an ordinary resolution, is to authorise the Directors to allot relevant securities up to an aggregate nominal value of £1.0 million (100 million Ordinary Shares) in connection with the Proposed US Offering or a subsequent Placement; and

(B) Resolution 2, which will be proposed as a special resolution and which is subject to the passing of Resolution 1, is to disapply statutory pre-emption rights, provided that such authority shall be limited to the allotment of equity securities in connection with the Proposed US Offering or a subsequent Placement up to an aggregate nominal amount of £1.0 million (100 million Ordinary Shares).

The authority and power conferred by these Resolutions will expire on 31 December 2016. The powers and authorities which will be given to the Directors by Resolutions 1 and 2, if passed, will be in addition to the existing authority to allot Ordinary Shares conferred to Directors at the Company's 2016 Annual General Meeting (held on 2 June 2016) but it is emphasised that the powers and authorities sought at the General Meeting are exercisable only in connection with the Proposed US Offering. The new authorities and powers are being sought due to the uncertainty as to the final size and price of the Proposed US Offering.

7. ACTION TO BE TAKEN

Shareholders should check that they have received the following with the Circular:

- a Form of Proxy for use in relation to the General Meeting; and
- a reply-paid envelope for use in connection with the return of the Form of Proxy (in the UK only).

Whether or not they intend to be present in person at the General Meeting, Shareholders are strongly encouraged to complete, sign and return your Form of Proxy in accordance with the instructions printed thereon so as to be received by post or, during normal business hours only, by hand, at Share Registrars Limited of The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR, United Kingdom, as soon as possible but in any event so as to arrive by not later than 2.00 p.m. on 28 July 2016 (or, in the case of an adjournment of the General Meeting, not later than 48 hours before the time fixed for the holding of the adjourned meeting (excluding any part of a day that is not a business day)).

Shareholders appointing a proxy in accordance with the instructions set out above will enable their vote to be counted at the General Meeting in the event of their absence. The completion and return of a Form of Proxy will not preclude a Shareholder from attending and voting in person at the General Meeting, or any adjournment thereof, should they wish to do so.

8. RECOMMENDATION AND IRREVOCABLE UNDERTAKINGS

The Directors consider the Proposed US Offering to be in the best interests of the Company and its Shareholders as a whole and accordingly unanimously recommend that Shareholders vote in favour of the Resolutions to be proposed at the General Meeting as they intend to do in respect

of their own beneficial holdings amounting, in aggregate, to 859,675 Existing Ordinary Shares, representing approximately 0.79 per cent. of the Existing Ordinary Shares.

In addition to the Directors, certain other shareholders, have irrevocably undertaken to vote in favour of the Resolutions in respect of the Existing Ordinary Shares in which they are interested, amounting in aggregate to 55,920,875 Existing Ordinary Shares, representing approximately 51.49 per cent. of the Existing Ordinary Shares.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS[(1)]

The Circular posted to Shareholders (by first class post)	13 July 2016
Latest time and date for receipt of Form of Proxy	2.00 p.m. on 28 July 2016
General Meeting	2.00 p.m. on 1 August 2016

EXCHANGE RATE

The exchange rate used throughout this document, unless otherwise stated, is approximately £1 = US$1.33, being the closing rate on 12 July 2016, being the last practicable date prior to publication of this document.

Notes:

1. Each of the times and dates above are indicative only and if any of the details contained in the timetable above should change, the revised times and dates will be notified to Shareholders by means of an announcement through a Regulatory Information Service.

DEFINITIONS

The following words and expressions shall have the following meanings in this document unless the context otherwise requires:

"**Admission**"	the admission to trading on NASDAQ of the ADSs;
"**ADSs**"	American Depositary Shares, each of which will consist of a fixed number of Ordinary Shares (which is yet to be determined) or a right to receive a fixed number of Ordinary Shares (which is yet to be determined), proposed to be issued pursuant to the Proposed US Offering, to be registered and issued by the Bank of New York Mellon;
"**AIM**"	the AIM market operated by the London Stock Exchange;
"**Amphion**"	Amphion Innovations plc, a public limited company incorporated and registered in the Isle of Man with registered number 113646C, whose registered office is at Fort Anne, Douglas, Isle of Man, IM1 5PD;
"**Amphion US**"	Amphion Innovations US Inc., a domestic for profit corporation incorporated in the US state of Delaware on 19 August 2005 with corporation number 4018201 and having its registered office at 2711 Centerville Road Suite 400, Wilmington, Newcastle, DE 19808;
"**Board**" or "**Directors**"	Richard Morgan, Graham Lumsden, Robert Bertoldi, Charlotta Ginman-Horrell, Jonathan Gold, Zaki Hosny, Mary Lake Polan and Bruce Williams and a "Director" means any one of them;
"**Circular**"	this circular prepared in relation to the General Meeting;
"**Company**" or "**Motif Bio**"	Motif Bio plc, a company registered in England and Wales with registered number 09320890 and having its registered office at One Tudor Street, London EC4Y 0AH;
"**CREST**"	the computerised settlement system to facilitate transfer of title to or interests in securities in uncertificated form operated by Euroclear UK & Ireland Limited;
"**Enlarged Share Capital**"	the entire issued ordinary share capital of the Company immediately following Admission;
"**Existing Ordinary Shares**"	the 108,601,496 Ordinary Shares currently in issue at the date of this document;
"**Form of Proxy**"	the form of proxy for use at the General Meeting which accompanies the Circular;
"**General Meeting**"	the general meeting of the Company, notice of which is set out at the end of the Circular;
"**Group**"	the Company and its subsidiary undertakings prior to Admission;
"**London Stock Exchange**"	London Stock Exchange plc;
"**Market Abuse Regulation**"	Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse;
"**NASDAQ**"	The NASDAQ Global Select Market;

"**Notice of General Meeting**"	the notice of the General Meeting, which is set out at the end of the Circular;
"**Ordinary Shares**"	ordinary shares of one penny each in the share capital of the Company;
"**Placement**"	a placement of Ordinary Shares with investors following the completion of the Proposed US Offering but prior to 31 December 2016;
"**Proposed US Offering**"	the proposed US registered public offering of up to 100 million Ordinary Shares to be represented in the form of ADSs;
"**Proposed US Offering Shares**"	up to 100 million Ordinary Shares represented by ADSs to be issued by the Company pursuant to the Proposed US Offering;
"**Registrars**"	Share Registrars Limited of The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR, United Kingdom;
"**Resolutions**"	the resolutions to be proposed at the General Meeting, as set out in the Notice of General Meeting;
"**SEC**"	the United States Securities and Exchange Commission;
"**Shareholder(s)**"	holder(s) of Ordinary Shares;
"**subsidiary undertakings**"	has the meaning as set out in section 1162 of the Companies Act 2006;
"**UK**" or "**United Kingdom**"	the United Kingdom of Great Britain and Northern Ireland;
"**uncertificated**" or "**in uncertificated form**"	a share or security recorded in the Company's register of members as being held in uncertificated form, title to which may be transferred by means of CREST; and
"**US**" or "**United States**"	the United States of America.

GLOSSARY OF TECHNICAL TERMS

"**ABSSSI**"	acute bacterial skin and skin structure infections;
"**clinical development**"	human testing (healthy volunteers and patients) of pharmaceutical products;
"**CRO**"	clinical research organisation;
"**cSSSI**"	complicated skin and skin structure infections;
"**EMA**"	European Medicines Agency;
"**FDA**"	the US Food and Drug Administration;
"**GAIN Act**"	the US Generating Antibiotic Incentives Now Act (which was signed into law on 9 July 2012) which mandates faster review times at the FDA and grants new antibiotics 5 additional years of market exclusivity from the date of approval in the US resulting in a total of 10 years exclusivity;
"**Gram-positive bacteria**"	a class of bacteria with a thick peptidoglycan layer but no outer membrane. These bacteria take up the crystal violet stain used in the Gram staining method of bacterial differentiation. Staphylococcus and Streptococcus are examples of Gram-positive bacteria;
"**Gram-negative bacteria**"	a class of bacteria with a thin peptidoglycan layer in their cell wall which is sandwiched between an inner cell membrane and a bacterial outer membrane. These bacteria do not retain the crystal violet stain used in the Gram staining method. Examples are E. coli, Salmonella and Pseudomonas;
"**HABP**"	hospital acquired bacterial pneumonia;
"**INSPIRE**"	Iclaprim for NoSocomial PneumonIa gRam positive pathogEns;
"**IV**"	intravenous;
"**MAA**"	Marketing Authorisation Application;
"**MEB**"	Medicines Evaluation Board in The Netherlands;
"**mechanism**"	the way a medicine works;
"**MRSA**"	methicillin-resistant *Staphylococcus aureus*, a type of bacterial infection that is resistant to a number of widely used antibiotics;
"**nephrotoxic**"	harmful to the kidneys;
"**NDA**"	New Drug Application;
"**Phase I study**"	first stage of clinical testing in healthy volunteers;
"**Phase II study**"	clinical trials in a small number of patients (usually 20-30) to determine safety and efficacy of a new medicine;
"**Phase III study**"	the final stage of clinical trials prior to seeking regulatory approval, to determine efficacy and safety in a large number of patients (usually several hundred in total);

"**preclinical stage programme**"	laboratory and animal testing prior to being allowed to test the product in humans;
"**QIDP**"	Qualified Infectious Disease Product;
"**REVIVE**"	Randomized Evaluation intraVenous Iclaprim Vancomycin treatment; and
"**VABP**"	ventilator associated bacterial pneumonia.

UNAUDITED FIANCIAL INFORMATION OF THE GROUP FOR THE THREE MONTHS TO 31 MARCH 2016
(extracted from the Form F-1)

Motif Bio plc
Unaudited interim condensed consolidated statements of loss and comprehensive loss for the three months ended March 31, 2016 and 2015

	Note	Three months ended March 31, 2016	2015
		U.S. $	U.S. $
		(Unaudited)	
Operations			
General and administrative expenses	3	(783,477)	(319,785)
Research and development expenses	3	(5,792,683)	(126,371)
Gains on settlement of contract disputes		83,320	-
Operating Loss		(6,492,840)	(446,156)
Interest income	4	22,438	153
Interest expense	4	(62,909)	(119,576)
Net foreign exchange gains/(losses)		(11,996)	968
Loss before income taxes		(6,545,307)	(564,611)
Income tax	5	-	-
Net loss for the period		(6,545,307)	(564,611)
Total comprehensive loss for the period		(6,545,307)	(564,611)
Loss per share for loss from operations attributable to the ordinary equity holders of the company	6		
Basic and diluted loss per share		US$	US$

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

Motif Bio plc

Unaudited interim condensed consolidated statements of financial position at March 31, 2016 and December 31, 2015

	Note	At March 2016 U.S. $ (Unaudited)	At December 2015 U.S. $
ASSETS			
Non-current assets			
Intangible assets		6,195,74	6,195,74
Total non-current assets		6,195,74	6,195,74
Current assets			
Prepaid expenses and other receivables	7	108,96	167,65
Cash		25,046,21	28,594,34
Total current assets		25,155,18	28,762,00
Total assets		31,350,92	34,957,75
LIABILITIES			
Non-current liabilities			
Payable on completion of clinical trial		500,00	500,00
Total non-current liabilities		500,00	500,00
Current liabilities			
Trade and other payables	8	3,859,77	987,08
Other interest-bearing loans and borrowings	9	3,810,10	3,747,96
Total current liabilities		7,669,87	4,735,04
Total liabilities		8,169,87	5,235,04
Net assets		23,181,05	29,722,70
EQUITY			
Share capital	10	1,645,29	1,645,29
Share premium	10	38,534,28	38,534,28
Group reorganization reserve	10	9,938,36	9,938,36
Accumulated deficit	10	(26,936,88	(20,395,22
Total equity		23,181,05	29,722,70

The notes are an integral part of these unaudited interim condensed consolidated financial statements

Motif Bio plc
Unaudited interim condensed consolidated statements of changes in equity for the three months ended March 31, 2016 and 2015

	Share	Share premium	Group reorganization reserve	Accumulated deficit	Total
	US $	US $	US $ (Unaudited)	US $	US $
Balance at December 31, 2014	1,11	3,964,455	—	(14,884,02	(10,918,45
Loss for the period	—	—	—	(564,611)	(564,611)
Total comprehensive loss for the period	—	—	—	(564,611)	(564,611)
Share-based payments	—	—	—	3,175	3,175
Balance at March 31, 2015	**1,110**	**3,964,455**	**—**	**(15,445,459)**	**(11,479,894)**
Balance at 31 December 2015	**1,645,291**	**38,534,280**	**9,938,362**	**(20,395,225)**	**29,722,708**
Loss for the period	—	—	—	(6,545,307	(6,545,307
Total comprehensive loss for the period				(6,545,307)	(6,545,307)
Share-based payments	—	—	—	3,649	3,649
Balance at March 31, 2016	**1,645,291**	**38,534,280**	**9,938,362**	**(26,936,883)**	**23,181,050**

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

Motif Bio plc

Unaudited interim condensed consolidated statements

of cash flows for the three months ended March 31, 2016 and 2015

	Three months ended March, 31	
	2016	2015
	U.S. $	U.S. $
	(Unaudited)	
Operating activities		
Operating loss for the period	(6,492,840	(446,15
Adjustments to reconcile net loss to net cash used in activities:		
Share-based payments	3,649	3,17
Gains on settlement of contract disputes	(83,320)	—
Interest received	22,438	153
Changes in operating assets and liabilities:		
Prepaid expenses, notes receivable, and accounts receivable	58,695	(32,209
Accounts payable and other accrued liabilities	2,956,01	(104,58
Net cash used in operating activities	(3,535,363	(579,62
Financing activities		
Proceeds from issuance of promissory notes	—	704,21
Interest paid	(770)	—
Net cash provided by financing activities	(770)	704,21
Net change in cash	(3,536,133	124,58
Cash beginning of the period	28,594,34	3,28
Effect of foreign exchange rate changes	(11,996)	968
Cash, end of the period	25,046,21	128,83

The notes are an integral part of these unaudited interim condensed consolidated financial statements

General And Administrative Expenses

The following table summarizes our general and administrative expenses during the three months ended March 31, 2016 and 2015:

	For the three months ended,		
	2016	2015	Change
		(in thousands)	
Employee benefits expenses	184	45	139
Directors' fees	106	—	106
Advisory fees	30	60	(30)
Legal and professional fees	372	165	208
Other expenses	91	50	41
Total general and administrative expenses	783	320	463

General and administrative expenses increased by $0.5 million, or 145%, to $0.8 million in the three months ended March 31, 2016 from $ 0.3 million in the three months ended March 31, 2015. This increase was primarily attributable to (i) an increase in personnel related expenses; (ii) the costs associated with being a public company in the United Kingdom; and (iii) increases in the costs of outside professional services, including commercial evaluation and strategy services, investor relations, and other consulting services.

Research And Development Expense

Research and development expenses increased by $5.7 million to $5.8 million in the three months ended March 31, 2016 from $0.1 million in three months ended March 31, 2015. This increase was primarily attributable to the commencement of iclaprim clinical development. For the three months ended March 31, 2016, $4.9 million was spent in relation to contract research organization expenses, $0.5 million in relation to clinical operations and $0.4 million in relation to chemistry and manufacturing development and other non-clinical development.

Gain On Settlement Of Contract Disputes

The gain on settlement of contract disputes in the three months ended March 31, 2016 relates to the settlement of a dispute with a contractor which was provided for at December 31, 2015.

Other Income (Expense), Net

Interest income and interest payable are recognized in the income statement as they accrue, using the effective interest method. Interest income increased to $22,400 following the increase in cash balances from proceeds raised during 2015. Interest expense in the three months ended March 31, 2016 decreased by $57,700 to $62,900 due to a reduction in debt outstanding.

Taxation

No tax expenses were charged in the three months ended March 31, 2016 and 2015. Management expects that losses on ordinary activities will continue to be offset by unrecognised tax losses.

Notes to the Unaudited Financial Information of the Group for the three months to 31 March 2016

1. General information and basis of preparation

These interim condensed consolidated financial statements at March 31, 2016 together with the notes thereto (the ''Interim Condensed Consolidated Financial Statements'') of Motif Bio Plc (the ''Company'' and together with its subsidiaries the ''Group'') were approved for issuance by the Board of directors on June 27, 2016, and

have been prepared in accordance with IAS 34— ‘‘Interim financial reporting’’. The interim condensed consolidated financial statements do not constitute statutory financial statements. The audited Motif Bio Plc annual consolidated financial statements for the preceding year have been filed with Companies House.

The Interim Condensed Consolidated Financial Statements should be read in conjunction with the Motif Bio Plc annual consolidated financial statements for the years ended December 31, 2015 and 2014, which have been prepared in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board and in conformity with International Financial Reporting Standards as adopted by the European Union (‘‘IFRS’’).

On April 1, 2015 Motif Bio Limited was re-registered as a public company limited by shares and changed its name to Motif Bio Plc. On the same date, Motif BioSciences Inc. became a wholly-owned subsidiary of the Company by way of a group reorganization by plan of merger. Therefore, Motif Bio Sciences Inc. is considered to be the predecessor of the Company prior to the reorganization.

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. Reference should be made to the section ‘‘Critical accounting estimates and judgements’’ in the Annual Consolidated Financial Statements for the years ended December 31, 2015 and 2014, for a detailed description of the more significant valuation procedures used by the Group.

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 interim condensed consolidated financial statements.

The chief operating decision-maker has determined that the Group has one operating segment—the development and commercialization of pharmaceutical formulations. All activities take place in the United States.

2. New standards and amendments

a. New standards and amendments effective from January 1, 2016

There are no new standards and amendments that have been applied from January 1, 2016, which have had an impact on the Group’s financial statements.

b. New standards and amendments not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the reporting periods covered by these unaudited interim condensed consolidated financial statements 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— ‘‘Financial Instruments’’ and IFRS 15— ‘‘Revenue from Contracts with Customers’’ is January 1, 2018 and for IFRS 16— ‘‘Leases’’, is January 1, 2019.

2. New standards and amendments (Continued)

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.

3. Breakdown of expenses by nature

	Three months ended March 31,	
	2016	2015
	U.S. $	U.S. $
General and administrative expenses		
Employee benefits expenses	184,10	45,00
Directors' fees	106,59	—
Advisory fees	30,00	60,00
Legal and professional fees	371,75	164,4
Other expenses	91,02	50,29
	783,47	319,7
Research and development costs	5,792,68	126,3
Gains on settlement of contract disputes	(83,32	—

The increase in research and development cost was primarily attributed to the commencement of iclaprim clinical development in 2016.

Gains on settlement of contract disputes relates to the settlement of a dispute with a contractor in the first quarter of 2016.

4. Finance income and costs

	Three months ended March 31,	
	2016	2015
	U.S. $	U.S. $
Finance income		
Interest from financial assets	22,43	153
	22,43	153
Finance costs		
Interest paid/payable for financial liabilities	(62,90	(119,57
	(62,90	(119,57

Interest income and interest payable are recognized in the income statement as they accrue, using the effective interest method. Interest expense in the three months ended March 31, 2016 decreased due to a reduction in debt outstanding. Interest income in the three months ended March 31, 2016 increased due to an increase in cash balances.

5. Income tax expense

Income tax expense is recognized based on management's estimate of the annual income tax expected for the period. Management expects that losses on ordinary activities will continue to be offset by unrecognized tax losses.

6. 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 period. In accordance with IAS 33, where the Group has reported a loss for the period, the shares are anti-dilutive.

	Three months ended March 31,	
	2016	2015
	U.S. $	U.S. $
Loss after taxation	(6,545,307)	(564,611)
Basic and diluted weighted average shares in issue	108,601,49	36,726,34
Basic and diluted loss per share	(0.06)	(0.02)

The following potentially dilutive securities outstanding at March 31, 2016 and 2015 have been excluded from the computation of diluted weighted average shares outstanding, as they would be antidilutive.

	At March 31,	
	2016	20
Convertible promissory notes	14,510,77	—
Warrants	5,980,822	—
Share options	7,160,803	—
	27,652,39	—

7. Prepaid expenses and other receivables

	At March 31,	At December 31,
	U.S. $	U.S. $
Other receivables and prepayments	108,9	167,657

8. Trade and other payables

	At March 31,	At December 31,
	U.S. $	U.S. $
Trade payables	3,515,767	108,247
Accrued expenses	343,990	877,238
Amounts due to shareholders	21	1,598
	3,859,778	987,083

From December 31, 2015 to March 31, 2016, trade payables increased by $3.4 million, principally as a result of an increase in the amounts due to a contract research organization.

8. Trade and other payables (Continued)

Amounts due to shareholders in respect of accrued interest on loan notes (see note 11) and other liabilities as follows:

	At March 31,	At December 31,
	U.S. $	U.S. $
Amounts due to Amphion Innovations plc	104,164	78,409
Amounts due to Amphion Innovations US, Inc.	147,153	110,769
	251,317	189,178

The amounts due to Amphion increased due to the accrual of interest at a rate of 7% for 90 days.

9. Other interest bearing loans and borrowings

	At March 31,	At December 31,
	U.S. $	U.S. $
Notes payable to shareholders	3,550,786	3,550,786
Accrued interest expense	259,314	197,175
	3,810,100	3,747,961

10. Share capital

Allotted, called up, and fully paid:	Number	US $
In issue at December 31, 2015	108,601,496	1,645,291
In issue at March 31, 2016	108,601,496	1,645,291

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 reorganization 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 reorganization and not a business combination. The reorganization 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.

11. Related party transactions

Transactions with Amphion Innovations plc and Amphion Innovations US, Inc.

At March 31, 2016 Amphion Innovations plc owned 26.08% of the issued ordinary shares in Motif Bio plc. In addition, the Amphion Group has provided funding for the activities of Motif BioSciences Inc. through the issue of convertible interest bearing loan notes. Richard Morgan and

11. Related party transactions (Continued)

Robert Bertoldi were directors of both the Company and Amphion Innovations plc in the period. Transactions between the Group and the Amphion Group are disclosed below:

	At March 31,	At December 31,
	U.S. $	U.S. $
Amounts due to Amphion Innovations US, Inc.	21	1,599
Notes payable to Amphion Innovations plc	1,471,700	1,471,700
Notes payable to Amphion Innovations US, Inc.	2,079,086	2,079,086

	Three months ended March 31,	
	2016	2015
	U.S. $	U.S. $
Accrued and unpaid interest on loan notes	251,31	1,798,91
Interest expense	62,139	108,367

12. Post balance sheet events

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.

In April 2016, the Company granted 2,961,577 options to purchase ordinary shares to Pete A. Meyers which vest over a four-year period and are partially based on meeting certain performance targets. The Company granted 300,000 options to purchase ordinary shares to Rajesh B. Shukla which vest over a four-year period. The options have an exercise price of 40.50 pence per ordinary share.

On April 28, 2016, the Company announced that Amphion had pledged 14,906,145 ordinary shares of 1 pence each in the capital of the Company as security to a draw-down of an additional tranche of Amphion's loan facility.