

**PLETHORA SOLUTIONS HOLDINGS PLC**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 DECEMBER 2016**



# **PLETHORA SOLUTIONS HOLDINGS PLC**

## **ANNUAL REPORT AND FINANCIAL STATEMENTS**

**For the year ended 31 December 2016**

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Company registration number: 05341336

Registered office: Hampden House  
Monument Business Park  
Warpsgrove Lane  
Chalgrove  
Oxfordshire  
OX44 7RW

Directors: J Gibson (Chief Executive Officer)  
M G Wyllie (Chief Scientific Officer)

Company Secretary: R Tayong

Bankers: Lloyds Bank  
Second Floor  
25 St George Street  
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London  
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Independent Auditors: BDO LLP  
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Beehive Ring Road  
Gatwick  
West Sussex  
RH6 0PA

# **PLETHORA SOLUTIONS HOLDINGS PLC**

## **ANNUAL REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

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# **PLETHORA SOLUTIONS HOLDINGS PLC**

## **STRATEGIC REPORT**

### **Highlights**

- The completion of the acquisition of Plethora by Regent Pacific Group Limited through a recommended share-for-share takeover offer;
- The completion of the development activities relating to the reduced dose can (not less than 12 doses), which paved the way for the approval of the variation application by the European Medicines Agency ("EMA") on 17 May 2016;
- The EMA approval enabled the Group to commence and complete full scale up commercial manufacturing activities with Pharmaserve allowing for the release of commercial supplies of Fortacin™ into the EU;
- First commercial launch of Fortacin™ by Plethora in the UK in November 2016 by way of prescription and from late 2017 Fortacin™ will be available in Europe through our commercial partner Recordati;
- Preparations for the filing of the New Drug Application ("NDA") with the Food and Drug Administration ("FDA") in the USA;
- Discussions with new potential licensing partners for Fortacin™ in other geographical regions at an advanced stage; and
- Plethora made a net loss of £6.6 million (2015: loss of £5.6 million) and had a cash balance as at 31 December 2016 of £0.15 million (2015: £0.1 million).

### **Introduction**

The Company continues to be focused on the development and commercialisation of its principal pharmaceutical product Fortacin™, which is believed to have significant potential value based on the prevalence of premature ejaculation and the lack of a widely available effective treatment. In 2016, Plethora has made further progress in the following areas:

- The completion of the redesign and manufacture of the reduced fill can (not less than 12 doses), which paved the way for the approval of the variation application by EMA on 17 May 2016;
- First commercial launch of Fortacin™ by Plethora in the UK in November 2016 by way of prescription and from late 2017 Fortacin™, will be available in Europe through our commercial partner Recordati;
- Preparations for the filing of the NDA with the FDA; and
- Discussions with new potential commercial partners with regards to licensing Fortacin™ in other geographical regions.

# PLETHORA SOLUTIONS HOLDINGS PLC

## STRATEGIC REPORT

### Operations Update

Positive progress has been made in the redesign and manufacture of the Fortacin™ 12 dose product for the treatment of premature ejaculation against the key objectives outlined in the 2015 Annual Report, i.e.:

- Completed 3 Good Manufacturing Practice ("GMP") batches of the 12 dose product;
- Obtained the EU approval variation by 30 June 2016 for the 12 dose product; and
- Manufactured the 20 dose product under GMP conditions and in compliance with the existing EMA Marketing Authorisation ("MA") to avoid any risk of the Sunset Clause being invoked in the EU by November 2016.

In 2016, completion of feasibility work identified the optimum reduced fill product for further development as a 12 dose (6.0 g fill weight, 5.0 mL fill volume) pack size. 3 month stability data generated by Catalent Pharma Solutions, Limited ("Catalent (Swindon)") on the three GMP batches manufactured by Pharmaserve supported registration of the 12 dose product to the European Union Marketing Authorisation ("EU MA"). Following generation of the required stability data, registration to the EU MA of the 12 dose product was undertaken by submission of a variation application to the EMA. Approval for the change was received from EMA in May 2016, in advance of the 30 June 2016 deadline specified in the licensing agreement with Recordati. The variation application also registered Pharmaserve as an alternative EU-located manufacturing site for Fortacin™, in addition to Catalent Pharma Solutions, LLC, USA ("Catalent (RTP)"). During 2016, in preparation for launch, process validation activities were undertaken at Pharmaserve's commercial facilities and 3 GMP batches of the 12 dose product were manufactured on the commercial manufacturing line. A further variation application to widen the moisture levels permitted in the 12 dose product during shelf life received approval from EMA in March 2017. The assessment concluded that widening this parameter has no significant impact on the overall quality of the product. Importantly these activities will enable manufacture and release of EU commercial supplies for launch of Fortacin™, planned by Recordati in late 2017.

In addition, submission of periodic safety update reports (PSURs) have been completed at six monthly intervals. These evaluate reports of adverse events/reactions following use of either of the drug substances and are used by EMA to assess the overall benefit/risk profile of the product, which has remained positive.

To avoid any risk of the Sunset Clause being invoked, which would result in withdrawal of the EU MA, launch in an EU market was required prior to November 2016. To fulfil this obligation, one GMP batch of the 20 Dose pack size was manufactured by Catalent (RTP) in compliance with the existing EU MA. To support the launch, updates to the supply chain were registered via a variation application to the EU MA, for which EMA approval was received in April 2016. Manufacture of the GMP batch by Catalent (RTP) was successfully completed and release of commercial supplies resulted in the milestone of UK commercial launch of Fortacin™ in November 2016.

With the launch of Fortacin™ in the UK, Plethora has set up the prescription supply chain with JJS Pharma (UK) Limited, UK and Innox Trading Limited, UK ("Innox"). Males suffering from premature ejaculation in the UK can now seek a prescription from their physician and these prescriptions will be filled by the online pharmacy Chemist 4 U (<https://www.chemist-4-u.com/>). Patients will also shortly be able to go direct via the online

# **PLETHORA SOLUTIONS HOLDINGS PLC**

## **STRATEGIC REPORT**

### **Operations Update (Continued)**

prescription platform Doctor 4 U (<http://doctor-4-u.co.uk/>), where Fortacin™ will be listed and can be prescribed after an online consultation. Both Doctor 4 U and Chemist 4 U are run by Innox, which is a leading online multi-channel retailer. Innox is the pharmacy behind other online clinical sites, which will expand the availability of Fortacin™.

Discussions and negotiations are continuing to take place in respect of 'out licensing' the grant of rights by Plethora with pharmaceutical companies and with other strategic partners in respect of Fortacin™ in other major territories outside of the UK and EU, including China. While it remains impossible to determine with accuracy the timing of completion of such agreements (and no assurance can be given that negotiations will lead to a binding licence agreement(s)), the Company anticipates that such discussions and negotiations will be assisted by Fortacin™ being brought to market in mainland Europe, which is expected to occur later in 2017. The Company will update shareholders more generally if and when there are any relevant developments in this respect.

As we have previously announced, in light of the successful Type IB variation applied for and approved with the EMA in 2016, having changed the regulatory approved dose of each can of Fortacin™ to be sold in the EU to not less than 12 doses/can, from 6 doses/can as previously foreshadowed, the pre-existing agreements with Recordati, in respect of the licence agreement, and Pharmaserve, in respect of the development, manufacturing and supply, do require amendment to reflect the current state of play. The Company is engaged in ongoing discussions with these parties and will announce any material changes to the existing agreements, required in light of the revised dosage, as and when any such changes are agreed.

### **Trading Update for the financial year ended 31 December 2016**

Plethora recorded an operating loss of GBP 6.63 million for the financial year ended 31 December 2016 (2015: GBP 5.65 million).

The operating loss for the for the financial year ended 31 December 2016, included R&D costs related to the regulatory development of Fortacin™ of GBP 3.31 million (2015: GBP 2.94 million,) and administrative expenses of GBP 2.26 million (2015: GBP 4.96 million).

Underlying R&D costs and administrative expenses for the financial year ended 31 December 2016 were broadly lower than the Board's expectations, before adjustments being made to account for non-cash related share option costs. R&D costs are currently been driven by the project to complete the development and commercial manufacturing scale up activities with the Company's manufacturing partners. Manufacturing set up costs are expected to fall significantly following the year ended 31 December 2016, but the overall level of expenditure is expected to be maintained as the FDA approval process begins to gather pace following the issue of the first good manufactured practice batches.

A net finance cost of GBP 1.40 million (2015: net finance income of GBP 2.06 million) was recognised in the annual results for the financial year ended 31 December 2016. This cost was generated as a result of fair valuing the company's warrant instruments as at 9 March 2016 (GBP 1.29 million) and the net interest charge to the company's borrowings (GBP 0.12 million).

# PLETHORA SOLUTIONS HOLDINGS PLC

## STRATEGIC REPORT

### Trading Update for the financial year ended 31 December 2016 (Continued)

On the basis that all R&D expenditure is expensed, there were no significant balance sheet movements to comment upon during the financial year ended 31 December 2016.

### Borrowings

At 31 December 2016, the Group had total borrowings of £2,936,000 (2015: £3,260,000) made up of several bridging loan facilities from Regent Pacific Group Limited to provide additional working capital. The Loans are repayable on demand and interest is accrued at a prevailing Libor rate.

During the year, Jim Mellon exercised his option to convert the remainder of Mellon bridge loan of £340,000 to 17,000,000 new Ordinary Shares at a price of 2p per share and interest totalling £16,022 which had been accrued at 5% per annum was repaid at the same time.

### The Offer

On 15 December 2015, Regent Pacific Group Limited ("Regent Pacific") announced that it had reached agreement with the Michael G Wyllie, the independent Plethora director, on the terms of a recommended share-for-share takeover offer, pursuant to which Regent Pacific announced that it would seek to acquire the entire issued and to be issued ordinary share capital of Plethora not already directly or indirectly owned by Regent Pacific. Regent Pacific made this announcement in Hong Kong by way of a very substantial and connected acquisition announcement as well as jointly with Plethora in the United Kingdom by way of a firm offer announcement pursuant to Rule 2.7 of the UK Takeover Code ("collectively the **"Firm Offer Announcements"**"). It was proposed that the transaction be effected by means of a scheme of arrangement of Plethora in the UK under Part 26 of the Companies Act (although Regent Pacific reserved the right to effect the transaction by way of a traditional takeover offer). The transaction constituted a very substantial and connected acquisition of the Company under Chapters 14 and 14A of the HK Listing Rules and required approval of the independent shareholders of Regent Pacific in a general meeting. Following on from the Firm Offer Announcements, on 4 February 2016 Regent Pacific dispatched its very substantial and connected acquisition circular in respect of the transaction to its shareholders and, on the same date, Plethora dispatched its scheme document in the UK to its shareholders. As has been publicly announced, all requisite approvals for the transaction were obtained and the scheme of arrangement became effective on 9 March 2016, rendering Plethora now a wholly-owned subsidiary of Regent Pacific.

### Outlook

Now that the development work on the reduced fill can is behind us, we are devoting our efforts with Recordati to a successful commercial launch which started in the UK in November 2016 followed by continental Europe in late 2017, filing our NDA with the FDA in Q1 2019 and bringing Fortacin™ to market through other new strategic commercial partners in the remaining key markets of the US, Latin America and Asia Pacific regions, including Hong Kong and China.

# **PLETHORA SOLUTIONS HOLDINGS PLC**

## **STRATEGIC REPORT**

### **Principal Business and Non-Financial Risks and Uncertainties**

The Group's principal business risks are:

- (i) the timing and quantum of receipt of upfront, milestone and royalty income from marketing partners which in itself is dependent on the successful partnering and commercial launch of Fortacin™;
- (ii) the management of the Group's cost base and maintaining adequate working capital and ensuring sufficient funds are made available to complete the ongoing regulatory approval processes and bringing Fortacin™ to market;
- (iii) the retention of key employees to complete the commercialisation process;
- (iv) delays and other unforeseen disruptions to the manufacturing and regulatory approval projects which could have an adverse impact on the commercial launch of Fortacin™ and future revenues; and
- (v) the exposure to competition from new generic entrants into the market as a result of loss or expiry of intellectual property and patent rights.

The board monitors the performance of its consultants and agents and produces business forecasts on a regular basis to monitor the funding requirements of the business. These are constantly reviewed by the board as part of the monthly reporting process and at board meetings.

The Group's intellectual property rights in relation to Fortacin™ in the European Union are protected by patent rights that run up to 2016. Applications have been submitted for Special Protection Certificates in each of the relevant countries in the European Union, which will provide an additional five years of patent protection up to March 2021. In addition to these patent rights, the Group has been advised that it will benefit from data exclusivity in relation to its dossier until November 2021 with an additional marketing exclusivity period (which prevents a generic from using Plethora's data and launching a product) up to 2023.

In the USA, the patent term expired in March 2015. Upon approval, a patent extension of up to 5 years may be available to compensate for the delay in the regulatory process. In relation to data exclusivity, FDA approval will facilitate a period of protection for 3 years from the date of notification with the possibility of a further 2 year extension if the combination product can be classified as a new chemical entity.

### **KEY PERFORMANCE INDICATORS**

The Directors consider cost control and the management of cash to ensure the Group's ability to achieve its regulatory and commercial targets to be the key financial performance indicators of the Group. The cash and any funding requirements of the business are reviewed on a regular basis by the board. The Group has made significant progress in reducing administrative overheads during the year and has been successful in raising new capital from its investors to meet the ongoing needs of the business as explained above.

The Directors consider the successful completion of the manufacturing project, the commercialisation of Fortacin™ in Europe and the product's regulatory approval in the USA as non-financial key performance indicators.



# PLETHORA SOLUTIONS HOLDINGS PLC

## STRATEGIC REPORT

### GOING CONCERN

Given the current stage in the development of Fortacin™, the Group did not generate any revenues during the year and had a cash balance of £156,000 as at 31 December 2016 and net liabilities of £4,214,000.

The Group has no bank debt or any other senior debt facilities, other than its loan facilities from Regent Pacific Group Limited. The Directors have prepared detailed cash flow forecasts through to the end of the 2018 that show that the Group with the financial support of its parent company, Regent Pacific Group Limited, has adequate working capital to meet its immediate needs. Nevertheless, there are risks in relation to the timing and extent of upfront milestone receipts relating to other territories, the costs associated in setting up GMP production lines in the EU and USA and the costs associated with the New Drug Application with the FDA.

The Directors have obtained confirmation from Regent Pacific Group Limited that they will continue to provide support for a period of not less than 12 months from the date of signing these financial statements and the Directors are satisfied that Regent Pacific Group Limited will be able to provide this support. Consequently, the Directors have concluded that it is appropriate to prepare the Group's financial statements on the going concern basis, which assumes that the Group will continue in operational existence for the foreseeable future.

Approved by the board and signed on its behalf by



**Mike Wyllie**  
Chief Scientific Officer

Date 27 June 2017

# **PLETHORA SOLUTIONS HOLDINGS PLC**

## **DIRECTORS' REPORT**

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The Directors present their annual report together with the audited consolidated and parent company financial statements for the year ended 31 December 2016.

### **Principal activities**

The Group's principal activity is the development and commercialisation of pharmaceutical treatments for premature ejaculation in the area of men's sexual health.

### **Business review**

The business review is detailed in the Strategic report in addition to commentary in relation to the Going Concern status of the Group and Research & Development activities during the year.

The Group recorded a loss for the year after taxation of £6,628,000 (2015: £5,645,000).

The Directors do not recommend the payment of a dividend (2015: £nil).

### **2017 Outlook**

Plethora continues to be focused on the development and commercialisation of its principal pharmaceutical product Fortacin™. Having had the approval of the reduced fill can and successfully launch Fortacin™ in the UK. The Company is devoting all efforts towards: completing a successful commercial launch in continental Europe in late 2017 with Recordati; progressing the preparation and filing the NDA with the FDA in Q1 2019 and bringing Fortacin™ to market through other new strategic commercial partners in the remaining key markets of the US, Latin America and Asia Pacific regions, including Hong Kong and China.

### **Financial risk management**

The Group's financial risk management policies are disclosed in Note 18 to the financial statements.

### **Directors**

The Directors of the Company who served during the year ended 31 December 2016 and up to the date of signing the financial statements, except where noted, were as follows:

M G Wyllie  
J Gibson  
J Mellon (resigned 9 March 2016)  
G Bailey (resigned 9 March 2016)  
A Baillieu (resigned 9 March 2016)

### **Directors' indemnities**

The Company has purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

### **Share capital**

Details of the Company's share capital, including the number of shares issued in the year under review, are given in Note 19 to the financial statements. The Group's policy for managing capital and financing to support the activities of the Group is detailed in Note 18 to the financial statements.

# PLETHORA SOLUTIONS HOLDINGS PLC

## DIRECTORS' REPORT

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### Health and safety

Plethora recognises its responsibility to ensure that it only allows its workers to work in as safe a working environment as possible and implement a system of checks to ensure compliance with Health and Safety legislation.

### Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and parent company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the company and group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company and the group will continue in business.

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

### Disclosure of information to auditors

In accordance with Section 418 of the Companies Act 2006, each of the persons who is a director at the date of the approval of this report confirms that:

(a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and

(b) each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

### Independent Auditors

BDO LLP was appointed as auditors in accordance with section 485 of the Companies Act 2006.

ON BEHALF OF THE BOARD

Mike Wyllie  
Director

Date 27 June 2017



## **PLETHORA SOLUTIONS HOLDINGS PLC**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PLETHORA SOLUTIONS HOLDINGS PLC**

We have audited the financial statements of Plethora Solutions Holdings plc for the year ended 31 December 2016 which comprise the consolidated statement of comprehensive income, the consolidated balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group and company statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union..

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of directors and auditors**

As explained more fully in the statement of directors' responsibilities, 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). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the FRC's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

#### **Opinion on financial statements**

In our opinion:

- the financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2016 and of the group's loss for the year then ended;
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Opinion on other matters prescribed by the Companies Act 2006**

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

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

## **PLETHORA SOLUTIONS HOLDINGS PLC**

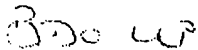
### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PLETHORA SOLUTIONS HOLDINGS PLC**

#### **Matters on which we are required to report by exception**

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

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



**James Fearon (senior statutory auditor)**  
**For and on behalf of BDO LLP, statutory auditor**  
**Gatwick**  
**United Kingdom**  
Date: 28 June 2017

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

**PLETHORA SOLUTIONS HOLDINGS PLC****CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**For the year ended 31 December 2016

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		<b>Group</b>	
	<b>Note</b>	<b>2016</b>	<b>2015</b>
		<b>£'000</b>	<b>£'000</b>
<b>Revenue</b>	<b>3</b>	-	-
Operating Costs:			
- research and development expenses		(3,317)	(2,944)
- general and administrative expenses		<u>(2,264)</u>	<u>(4,957)</u>
Total Net Operating Costs		<u>(5,581)</u>	<u>(7,901)</u>
<b>Operating loss</b>	<b>4</b>	<b>(5,581)</b>	<b>(7,901)</b>
Finance costs	7	(1,406)	(232)
Finance income	7	<u>3</u>	<u>2,293</u>
<b>Loss from continuing operations for the year before taxation</b>		<b>(6,984)</b>	<b>(5,840)</b>
Income tax credit	8	<u>356</u>	<u>195</u>
<b>Loss from continuing operations for the year after taxation</b>		<b>(6,628)</b>	<b>(5,645)</b>
<b>Loss for the year and total comprehensive expense attributable to the owners of the parent</b>		<u><b>(6,628)</b></u>	<u><b>(5,645)</b></u>

The accompanying accounting policies and notes on pages 17 to 37 form an integral part of these financial statements.

# PLETHORA SOLUTIONS HOLDINGS PLC

## CONSOLIDATED BALANCE SHEET

As at 31 December 2016

	Note	31 December 2016 £'000	31 December 2015 £'000
<b>ASSETS</b>			
<b>Non-current</b>			
Property, plant and equipment	9	45	60
<b>Current</b>			
Inventories	11	47	-
Trade and other receivables	12	87	822
Cash and cash equivalents	13	156	93
		290	915
<b>Total assets</b>		335	975
<b>LIABILITIES</b>			
<b>Current</b>			
Trade and other payables	15	(1,613)	(1,139)
Borrowings	16	(2,936)	(3,260)
<b>Total liabilities</b>		(4,549)	(4,399)
<b>Net liabilities</b>		(4,214)	(3,424)
<b>EQUITY</b>			
Share capital	19	8,945	8,233
Share premium		48,277	48,091
Other reserves		9,102	4,908
Convertible loan note reserve		-	16
Share based payment reserve		-	4,858
Accumulated losses		(70,538)	(69,530)
<b>Total equity</b>		(4,214)	(3,424)

The accompanying accounting policies and notes on pages 17 to 37 form an integral part of these financial statements.

The financial statements on pages 11 to 16 were approved by the Board of Directors on 27 June 2017 and are signed on its behalf by:

  
**Mike Wyllie**  
Director

Registered number: 05341336

# PLETHORA SOLUTIONS HOLDINGS PLC

## COMPANY BALANCE SHEET

As at 31 December 2016

	Note	31 December 2016 £'000	31 December 2015 £'000
<b>ASSETS</b>			
<b>Non-current</b>			
Investments	10	-	-
<b>Current</b>			
Trade and other receivables	12	60	77
Cash and cash equivalents	13	1	2
		<u>61</u>	<u>79</u>
<b>Total assets</b>		<u>61</u>	<u>79</u>
<b>LIABILITIES</b>			
<b>Current</b>			
Trade and other payables	14	(413)	(480)
Borrowings	15	(2,936)	(3,260)
		<u>(3,349)</u>	<u>(3,740)</u>
<b>Total liabilities</b>		<u>(3,349)</u>	<u>(3,740)</u>
<b>Net liabilities</b>		<u>(3,288)</u>	<u>(3,661)</u>
<b>EQUITY</b>			
Share capital	19	8,945	8,233
Share premium		48,277	48,091
Convertible loan note reserve		-	16
Share based payment reserve		-	4,056
Other Merger Reserves		4,194	-
Accumulated losses		(64,704)	(64,057)
<b>Total equity</b>		<u>(3,288)</u>	<u>(3,661)</u>

The company has elected to take exemption under section 408 of the Companies Act 2006 not to present the Company profit and loss account. The loss for the Company for the year was £5,465,000 (2015: £2,602,000).

The accompanying accounting policies and notes on pages 17 to 37 form an integral part of these financial statements.

The financial statements on pages 11 to 16 were approved by the Board of Directors on 27 June 2017 and are signed on its behalf by:



Mike Wyllie  
Director

Registered number: 05341336



# PLETHORA SOLUTIONS HOLDINGS PLC

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2016

	Share capital	Share premium	Other reserves	Convertible loan note reserve	Share based payment reserve	Accumulated Losses	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 1 January 2015</b>	<b>6,810</b>	<b>46,543</b>	<b>4,908</b>	<b>143</b>	<b>1,893</b>	<b>(63,914)</b>	<b>(3,617)</b>
Loss and total comprehensive expense for the year	-	-	-	-	-	(5,645)	(5,645)
<b>Transactions with owners:</b>							
Issue of new shares	1,423	1,423	-	-	-	-	2,846
Employee share based compensation	-	-	-	-	2,992	-	2,992
Transfer for exercised/lapsed share options	-	-	-	-	(27)	27	-
Release of equity reserve of Convertible Loans notes	-	125	-	(127)	-	2	-
<b>Balance at 31 December 2015</b>	<b>8,233</b>	<b>48,091</b>	<b>4,908</b>	<b>16</b>	<b>4,858</b>	<b>(69,530)</b>	<b>(3,424)</b>
Loss and total comprehensive expense for the year	-	-	-	-	-	(6,628)	(6,628)
<b>Transactions with owners:</b>							
Issue of new shares	712	170	-	-	-	-	882
Capital investment - RPG	-	-	4,194	-	-	-	4,194
Employee share based compensation	-	-	-	-	762	-	762
Transfer for lapsed share options	-	-	-	-	(5,620)	5,620	-
Release of equity reserve of Convertible Loans notes	-	16	-	(16)	-	-	-
<b>Balance at 31 December 2016</b>	<b>8,945</b>	<b>48,277</b>	<b>9,102</b>	<b>-</b>	<b>-</b>	<b>(70,538)</b>	<b>(4,214)</b>

# PLETHORA SOLUTIONS HOLDINGS PLC

## COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2016

	Share capital	Share premium	Other reserves	Convertible loan note reserve	Share based payment reserve	Accumulated Losses	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 1 January 2015</b>	<b>6,810</b>	<b>46,543</b>	<b>-</b>	<b>143</b>	<b>1,091</b>	<b>(61,484)</b>	<b>(6,897)</b>
Loss and total comprehensive expense for the year	-	-	-	-	-	(2,602)	(2,602)
<b>Transactions with owners:</b>							
Issue of new shares	1,423	1,423	-	-	-	-	2,846
Employee share based compensation	-	-	-	-	2,992	-	2,992
Transfer for lapsed share options	-	-	-	-	(27)	27	-
Release of equity reserve of Convertible Loans notes	-	125	-	(127)	-	2	-
<b>Balance at 31 December 2015</b>	<b>8,233</b>	<b>48,091</b>	<b>-</b>	<b>16</b>	<b>4,056</b>	<b>(64,057)</b>	<b>(3,661)</b>
Loss and total comprehensive expense for the year	-	-	-	-	-	(5,465)	(5,465)
<b>Transactions with owners:</b>							
Issue of new shares	712	170	-	-	-	-	882
Capital investment - RPG	-	-	4,194	-	-	-	4,194
Employee share based compensation	-	-	-	-	762	-	762
Transfer for exercise/lapsed share options	-	-	-	-	(4,818)	4,818	-
Release of equity reserve of Convertible Loans notes	-	16	-	(16)	-	-	-
<b>Balance at 31 December 2016</b>	<b>8,945</b>	<b>48,277</b>	<b>4,194</b>	<b>-</b>	<b>-</b>	<b>(64,704)</b>	<b>(3,288)</b>

# PLETHORA SOLUTIONS HOLDINGS PLC

## GROUP AND COMPANY CASH FLOW STATEMENTS

For the year ended 31 December 2016

	Note	Group		Company	
		2016 £'000	2015 £'000	2016 £'000	2015 £'000
<b>Cash flows from operating activities</b>					
Loss before taxation		(6,984)	(5,840)	(5,465)	(2,603)
Finance income	8	(3)	(2,293)	-	(2,293)
Gain on extinguishment of debt instruments		-	(13)	-	(13)
Finance costs	8	1,406	232	1,406	226
Share-based payment charge	7	762	2,992	418	1,846
Impairment of investment in subsidiary	13	-	-	344	1,146
Depreciation of property, plant and equipment	12	17	17	-	-
Change in Inventory		(47)	-	-	-
Change in trade and other receivables		540	(94)	17	147
Change in trade and other payables		474	24	(67)	(30)
<b>Total cash utilised by operations</b>		<b>(3,835)</b>	<b>(4,975)</b>	<b>(3,347)</b>	<b>(1,574)</b>
Interest paid		(16)	-	(16)	-
Income taxes received		551	-	-	-
<b>Net cash outflow from operating activities</b>		<b>(3,300)</b>	<b>(4,975)</b>	<b>(3,363)</b>	<b>(1,574)</b>
<b>Cash flows from investing activities</b>					
Interest received		3	2	-	2
Purchase of plant and equipment		(2)	-	-	-
<b>Net cash generated from investing activities</b>		<b>1</b>	<b>2</b>	<b>-</b>	<b>2</b>
<b>Cash flows from financing activities</b>					
Proceeds from Issue of shares		542	-	542	-
Proceeds from Regent Loans		2,820	-	2,820	-
<b>Net cash generated from financing activities</b>		<b>3,362</b>	<b>-</b>	<b>3,362</b>	<b>-</b>
<b>(Decrease)/increase in cash and cash equivalents</b>		<b>63</b>	<b>(4,973)</b>	<b>(1)</b>	<b>(1,572)</b>
<b>Cash and cash equivalents at the beginning of year</b>		<b>93</b>	<b>5,066</b>	<b>2</b>	<b>1,574</b>
<b>Cash and cash equivalents at end of year</b>	15	<b>156</b>	<b>93</b>	<b>1</b>	<b>2</b>

# **PLETHORA SOLUTIONS HOLDINGS PLC**

## **NOTES TO THE FINANCIAL STATEMENTS**

**For year ended 31 December 2016**

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### **1 GENERAL INFORMATION**

Plethora Solutions Holdings plc (the "Company") and its subsidiaries' ("Plethora" or the "Group") principal activities are the development and commercialisation of a pharmaceutical treatment of premature ejaculation in the area of men's sexual health.

Plethora Solutions Holdings plc, a wholly owned subsidiary of Regent Pacific Group Limited, is incorporated and domiciled in the United Kingdom.

The financial statements for the year ended 31 December 2016 (including the comparative information for the year ended 31 December 2015) were approved by the board of directors on 27 June 2017.

### **2 ACCOUNTING POLICIES**

#### **Basis of preparation**

These consolidated financial statements have been prepared under the historical cost convention as modified by financial liabilities at fair value through profit or loss using the required measurement bases specified under International Financial Reporting Standards (IFRS) and in accordance with applicable IFRS as adopted by the European Union, IFRS Interpretations Committee interpretations and with those parts of the Companies Act 2006 applicable to Companies reporting under IFRS. Accounting policies have been applied consistently other than where new policies have been adopted.

The Company has taken advantage of section 408 of the Companies Act 2006 and has not included its own profit and loss account in these financial statements. The Company's loss for the year was £ 5,465,000 (2015: £2,602,000).

#### **Overall considerations**

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarised below.

The consolidated financial statements have been prepared using the measurement bases specified by IFRS for each type of asset, liabilities, income and expense. The measurement bases are more fully described in the accounting policies below.

The accounting estimates and assumptions are consistent with the Group's latest approved budget forecast where applicable. Judgements are based on the information available at each balance sheet date. All estimates are based on the best information available to management.

Exceptional items, namely items that are material either because of their size or their nature, and which are non-recurring, are presented within their relevant Statement of Comprehensive Income category, but highlighted through separate disclosure. The separate reporting of exceptional items helps provide a full understanding of the Group's underlying performance.

# **PLETHORA SOLUTIONS HOLDINGS PLC**

## **NOTES TO THE FINANCIAL STATEMENTS**

For year ended 31 December 2016

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### **2 ACCOUNTING POLICIES (continued)**

#### **Going concern**

In considering the appropriate basis on which to prepare the financial statements, the Directors are required to consider whether the Group and Company can continue in operational existence for the foreseeable future.

Given the current stage in the development of Fortacin™, the Group did not generate any revenues during the year and had a cash balance of £156,000 as at 31 December 2016 and net liabilities of £4,214,000.

The Group has no bank debt or any other senior debt facilities, other than its loan facilities from Regent Pacific Group Limited. The Directors have prepared detailed cash flow forecasts through to the end of the 2018 that show that the Group with the financial support of its parent company, Regent Pacific Group Limited, has adequate working capital to meet its immediate needs. Nevertheless, there are risks in relation to the timing and extent of upfront milestone receipts relating to other territories, the costs associated in setting up GMP production lines in the EU and USA and the costs associated with the New Drug Application with the FDA.

The Directors have obtained confirmation from Regent Pacific Group Limited that they will continue to provide support for a period of not less than 12 months from the date of signing these financial statements and the Directors are satisfied that Regent Pacific Group Limited will be able to provide this support. Consequently, the Directors have concluded that it is appropriate to prepare the Group's financial statements on the going concern basis, which assumes that the Group will continue in operational existence for the foreseeable future.

#### **Consolidation and investments in subsidiaries**

Consistent accounting policies have been adopted across the Group and where necessary the accounting policy for the subsidiaries has been changed to ensure consistency within the Group.

Subsidiaries are entities over which the Group has the power to control the financial and operating policies. The Group obtains and exercises control through voting rights. The consolidated financial statements of the Group incorporate the financial statements of the parent company as well as those entities controlled by the Group by full consolidation.

The Group applies the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at the acquisition date.

Intra-group balances and transactions, and any unrealised gains or losses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

#### **Adoption of new or amended standards and interpretations in the current year**

There have been no new standards adopted in the year that have had a material impact on the group.

# PLETHORA SOLUTIONS HOLDINGS PLC

## NOTES TO THE FINANCIAL STATEMENTS

For year ended 31 December 2016

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### 2 ACCOUNTING POLICIES (continued)

#### New or amended standards and interpretations in issue but not yet effective

The following new standards, amendments to standards and interpretations that are expected to impact the Group, which have not been applied in these financial statements, were in issue, but are not yet effective:

IFRS 9 "Financial instruments" addresses the classification and measurement of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through Other Comprehensive Income (OCI) and fair value through profit and loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit and loss with the irrevocable option at inception to present changes in fair value in OCI but not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39.

For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit and loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and the hedging instrument and for the "hedged ratio" to be the same as the one management actually uses for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted, subject to EU endorsement. The Group is currently assessing IFRS 9's full impact.

IFRS 15 "Revenue recognition" deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 "Revenue" and IAS 11 "Construction contracts" and related interpretations. The standard has been deferred pending further discussion regarding its implementation and is now effective for annual periods beginning on or after 1 January 2018. Earlier application is permitted, subject to EU adoption. The Group continues to assess the impact of IFRS 15 and is developing processes and systems to enable the transition to the new standard.

IFRS 16 "Leases" replaces the current guidance in IAS 17. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The standard applies to annual periods beginning on or after 1 January 2019, with earlier application permitted if IFRS 15, 'Revenue from Contracts with Customers', is also applied. The Group is currently assessing IFRS 16's full impact.

#### Property, plant and equipment

Property, plant and equipment are carried at acquisition cost less subsequent depreciation and impairment losses. Depreciation is charged on these assets on a straight line basis over the estimated useful economic life of each asset. Gains/losses on disposal are determined by comparing proceeds with carrying value and are recognised within other (losses)/gains in the Consolidated Statement of Comprehensive Income.

The useful lives of property, plant and equipment can be summarised as follows:

Fixtures & fittings, computers and equipment - 5 years

Residual asset values and useful lives are reviewed and adjusted annually where necessary.

# **PLETHORA SOLUTIONS HOLDINGS PLC**

## **NOTES TO THE FINANCIAL STATEMENTS**

**For year ended 31 December 2016**

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### **2 ACCOUNTING POLICIES (continued)**

#### **Impairment**

The carrying value of non-current assets is reviewed whenever events or changes in circumstances indicate that the carrying value may not be recoverable to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount of property, plant and equipment is the greater of their fair value less costs to sell and value in use.

Furthermore, non-financial assets other than goodwill which have suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

#### **Inventories**

Inventories are initially recognised at cost then subsequently at the lower of cost and net realisable value. Cost comprises all cost of manufacture and other costs incurred in bringing inventory to their present location and condition.

#### **Financial assets**

The Group's financial assets include cash and cash equivalents and trade and other receivables.

All financial assets are recognised when the entity becomes party to the contractual provisions of an instrument. All financial assets are de-recognised on their settlement date. All financial assets are initially recognised at fair value, plus transaction costs, and are subsequently measured at amortised cost using the effective interest rate.

Interest and other cash flows resulting from holding financial assets are recognised in profit or loss when receivable, regardless of how the related carrying amount of financial assets is measured.

Trade receivables are provided against when objective evidence is received that the Group will not be able to collect all amounts due to it in accordance with the original terms of the receivables. The amount of the write-down is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows. No general provisions are made against trade receivables.

#### **Cash and cash equivalents**

Cash and cash equivalents include cash at bank and in hand and overdrafts as well as short term highly liquid investments such as money market instruments and bank deposits.

# **PLETHORA SOLUTIONS HOLDINGS PLC**

## **NOTES TO THE FINANCIAL STATEMENTS**

For year ended 31 December 2016

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### **2 ACCOUNTING POLICIES (continued)**

#### **Financial liabilities**

The Group's financial liabilities include convertible third party loans, warrants and trade and other payables.

Financial liabilities are recognised when the Group becomes a party to the contractual agreements of the instrument. All interest related charges are recognised as an expense in "finance costs" in the Consolidated Statement of Comprehensive Income. Financial liabilities, excluding warrants, are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method.

Warrants are accounted for as an embedded derivative and accounted for in line with the policy disclosed below.

Convertible loan notes are recorded at fair value, fair value being proceeds less transaction costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are charged to the Consolidated Statement of Comprehensive Income on an accruals basis using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise. They subsequently follow the accounting policy for Compound financial instruments as disclosed below.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

#### **Embedded derivatives**

Embedded derivatives identified in host contracts are separated from the host contract when they are not closely linked to the contract and are valued at fair value through the Consolidated Statement of Comprehensive Income where they meet the definition of a financial liability. The embedded derivative is revalued to fair value at each reporting period. Within the Consolidated Statement of Comprehensive Income any charge or credit is disclosed in finance income/costs and the corresponding asset/liability is separately shown in the notes to the balance sheet.

Where the embedded derivative meets the definition of equity, this is recognised initially at its fair value and not subsequently re-measured.

#### **Compound financial instruments**

Compound financial instruments issued by the Group comprise convertible notes that can be converted to share capital at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value.

The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except on conversion or expiry.



# PLETHORA SOLUTIONS HOLDINGS PLC

## NOTES TO THE FINANCIAL STATEMENTS

For year ended 31 December 2016

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### 2 ACCOUNTING POLICIES (continued)

#### Equity

Share capital is determined using the nominal value of shares that have been issued.

The share premium account represents premiums received on the initial issuing of the share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

The other reserve is a reserve arising on merger accounting.

Share based payments reserve comprises the fair value of options and performance share rights recognised as an expense. Upon exercise of options or performance share rights, any proceeds received are credited to share capital. The share-based payment reserve remains as a separate component of equity.

The convertible loan note equity reserve represents the difference between the proceeds from issuing the convertible loan notes and the fair value assigned to the liability component at the date of issue.

Accumulated losses include all current and prior period results as disclosed in the statement of comprehensive income.

#### Revenue recognition

Revenue is measured by reference to the fair value of consideration received or receivable by the Group for goods supplied excluding VAT. Revenue is recognised upon the performance of services or transfer of risk to the customer.

The recognition of income received, such as licence fees, up-front receipts and milestone receipts is dependent on the terms of the related arrangement, having regard to the ongoing risks and rewards of the arrangement, and the existence of any performance or repayment obligations with any third party.

Licence fees are recognised as revenue when all substantial obligations to the licensee have been fulfilled.

Income is only recognised as revenue when the following conditions have been met:

- The stage of completion of the transaction at the end of the reporting period can be measured reliably;
- The amount of the revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the entity; and
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

#### Research and Development costs

Expenditure on research (or the research phase of an internal project) is recognised as an expense in the period in which it is incurred.

Development costs do not currently meet one or more of criteria for capitalisation listed below in accordance with IFRS and as such expensed as incurred.

- the technical feasibility of completing the asset so that it will be available for use or sale;
- the intention to complete the asset and use or sell it;
- the ability to use or sell the asset;
- the asset will generate probable future economic benefits and demonstrate the existence of a market or the usefulness of the asset if it is to be used internally;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell it; and
- the ability to measure reliably the expenditure attributable to the intangible asset.

# PLETHORA SOLUTIONS HOLDINGS PLC

## NOTES TO THE FINANCIAL STATEMENTS

For year ended 31 December 2016

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### 2 ACCOUNTING POLICIES (continued)

#### Employee benefits

##### (i) Defined contribution pension scheme

Pensions to certain employees are provided through contributions to individual personal pension plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into an independent entity. The Group has no legal or constructive obligations to pay further contributions after payment of the fixed contribution.

The contributions recognised in respect of personal pension plans are expensed as they fall due. Liabilities and assets may be recognised if underpayment or prepayment has occurred and are included in current liabilities or current assets as they are normally of a short term nature.

##### (ii) Other employee benefits

Short-term employee benefits, including holiday entitlement, are included in current pension and other employee obligations at the undiscounted amount that the Group expects to pay as a result of the unused entitlement.

#### Share based employee remuneration

The Company issues equity-settled, share-based payments to certain employees of subsidiary undertakings, detailed in the Remuneration Report and in note 7 to the financial statements.

Equity-settled, share-based payments are measured at fair value at the date of grant and are recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance condition; (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save).

Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

At the end of each reporting period, the group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in Consolidated Statement of Comprehensive Income, with a corresponding adjustment to equity.

Where a modification to previously granted equity-settled share-based payments increases the fair value of the equity instruments granted, the incremental fair value granted is included in the measurement of the amount recognised for the services received over the remainder of the vesting period. The incremental fair value is deemed to be the difference between the fair value of the modified equity instrument and that of the original equity instrument; both values are estimated as at the modification date. An expense based on the incremental fair value is recognised in addition to any amount in respect of the original instrument which continues to be recognised over the remainder of the original vesting period.

Where a modification decreases the fair value of the previously granted equity instruments, there is no change to the initial accounting.

# PLETHORA SOLUTIONS HOLDINGS PLC

## NOTES TO THE FINANCIAL STATEMENTS

For year ended 31 December 2016

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### 2 ACCOUNTING POLICIES (continued)

#### Foreign currencies

These financial statements are presented in UK Sterling which is the functional currency of the Company.

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Exchange differences are dealt with through the Consolidated Statement of Comprehensive Income.

#### Taxation

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the balance sheet date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year.

Deferred income taxes are calculated using the liability method on temporary differences. This involves the comparison of the carrying amounts of assets and liabilities in the consolidated financial statements with their respective tax bases. However, in accordance with the rules set out in IAS 12, no deferred taxes are recognised in conjunction with the initial recognition of goodwill on acquisitions. In addition, tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets.

The Group is entitled to a tax deduction for amounts treated as compensation on exercise of certain employee share options or vest of share awards under UK tax rules. As there is a temporary difference between the accounting and tax bases, a deferred tax asset is created. The deferred tax asset arising is calculated by comparing the estimated amount of tax deduction to be obtained in the future (based on the Company's share price at the balance sheet date) with the cumulative amount of the compensation expense recorded in the income statement. If the amount of estimated future tax deduction exceeds the cumulative amount of the compensation expense at the statutory rate, the excess is recorded directly in equity, against retained earnings, where the deferred tax asset is recognised.

Deferred tax liabilities are always provided for in full. Deferred tax assets are recognised to the extent that it is probable that they will be able to be offset against future taxable income. Deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date.

Most changes in deferred tax assets or liabilities are recognised as a component of tax expense in the Consolidated Statement of Comprehensive Income. Only changes in deferred tax assets or liabilities that relate to a change in value of assets or liabilities that is charged directly to equity are charged or credited directly to equity.

# PLETHORA SOLUTIONS HOLDINGS PLC

## NOTES TO THE FINANCIAL STATEMENTS

For year ended 31 December 2016

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### 2 ACCOUNTING POLICIES (Continued)

#### Leases

All of the Group's leases have the characteristics of operating leases. Payments on operating lease agreements are recognised as an expense on a straight-line basis in the Consolidated Statement of Comprehensive Income. Associated costs, such as maintenance and insurance, are expensed as incurred.

#### Significant accounting estimates and judgements

Certain estimates and judgments need to be made by the Directors of the Group which affect the results and position of the Group as reported in the financial statements. Estimates and judgments are required for example, as at the reporting date, as not all liabilities have been settled and certain assets/ liabilities are recorded at fair value which requires a number of estimates and assumptions to be made.

The major areas for judgments within the financial statements are as follows:

- preparing the financial statements on a going concern basis;
- timing of revenue recognition where deemed transfer of risks and rewards are subject to certain performance criteria;
- probability of certain performance criteria being met in relation to newly issued LTIPs;
- calculation of fair value of restructured debts and extinguishment of loans; and
- fair value revaluation of warrant instruments and other debt instruments.

The reasons that the Directors believe it is appropriate to prepare the financial statements on a going concern basis are detailed on page 18.

In calculating the fair value of the restructured debts in note 16, management used information from analysts' reports on the business to determine the discount rates.

There are no other major areas of estimation.

### 3 REVENUE

No revenues were received during the year (2015: nil)

### 4 OPERATING LOSS

The operating loss is stated after charging:

	2016 £'000	2015 £'000
<b>Auditors' remuneration:</b>		
- Company	33	35
<b>Other services:</b>		
- audit of subsidiary undertakings	10	10
- corporate taxation compliance	-	12
- tax advisory services	-	5
- other non-audit services	-	67
<b>Foreign Exchange loss</b>	<b>99</b>	<b>113</b>
<b>Operating lease charges:</b>		
Land and buildings	10	8
<b>Depreciation:</b>		
Property, plant and equipment – owned	17	17

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# PLETHORA SOLUTIONS HOLDINGS PLC

## NOTES TO THE FINANCIAL STATEMENTS

For year ended 31 December 2016

### 5 DIRECTORS AND EMPLOYEES

The average monthly number of persons (including Directors) employed by the Group during the year was:

	2016 Number	2015 Number
Administration and management staff	4	4

	2016 £'000	2015 £'000
Staff costs during the year were as follows:		
Wages and salaries including termination benefits	912	669
Social security costs	20	251
Share based compensation	762	2,992
	<u>1,694</u>	<u>3,912</u>

Remuneration in respect of the directors were as follows. No other employees were considered to be key management personnel.

	2016 £'000	2015 £'000
Salaries, bonus and fees	791	645
Share based compensation	760	2,990
	<u>1,451</u>	<u>3,635</u>

Emoluments of the highest paid directors were £822,000 (2015: £2,102,000). The directors are considered to be key management personnel.

### 6 SHARE BASED EMPLOYEE REMUNERATION

Share options have been granted to directors and employees under the ESOP and The LTIP:

#### i. Executive Share Option Scheme (ESOP)

The Executive Share Option scheme (ESOP) is available to all employees and directors of the Group subject to the discretion of the Remuneration Committee of Plethora Solutions Holdings plc and subject to the rules of the scheme, the key points of which are as follows:

- options are granted for the shares of Plethora Solutions Holdings plc to employees of subsidiary companies;
- options are exercisable between three and ten years of being granted;
- options vest on the third anniversary of the date of grant;
- except in certain limited circumstances, all options lapse if an employee leaves the Group; and
- exercise of options is not subject to any specific performance criteria.

All share based employee remuneration will be settled in equity. The Group has no other legal or constructive obligation to repurchase or settle the options in cash.

# PLETHORA SOLUTIONS HOLDINGS PLC

## NOTES TO THE FINANCIAL STATEMENTS

For year ended 31 December 2016

### 6 SHARE BASED EMPLOYEE REMUNERATION (continued)

	31 December 2016		31 December 2015	
	Number of options	Weighted average exercise price (pence)	Number of options	Weighted average exercise price (pence)
At 1 January	132,460	59	201,031	99
Lapsed	(132,460)	59	(68,571)	175
<b>At 31 December</b>	<b>-</b>	<b>-</b>	<b>132,460</b>	<b>59</b>

The outstanding options may be analysed as follows:

	31 December 2016		31 December 2015	
	Number of options	Weighted average exercise price (pence)	Number of options	Weighted average exercise price (pence)
Vested and exercisable	-	-	132,460	59

Share options outstanding at each reporting date have the following expiry date and exercise prices.

Vesting/(Expiry) date	Exercise price in Pence per share	2016 Number	2015 Number
2010 (up to 2015)	-	-	-
2011 (up to 2016)	59	-	132,460
		-	132,460

All share option expired during the year.

#### ii. Long Term Incentive Plan (LTIP)

The Long Term Incentive Plan (LTIP) is available to all employees and directors of the Group subject to the discretion of the Remuneration Committee of Plethora Solutions Holdings plc, with awards recommended by the board of directors for key employees. Related options will vest in the event that certain performance targets are met.

Awards are made subject to the following rules:

- awards are granted for the shares of Plethora Solutions Holdings plc to employees of subsidiary companies;
- awards may only be granted within the period of six weeks beginning with the date on which the Plan is approved by shareholders in general meeting and after that within the period of six weeks beginning with the Dealing Day next following the date on which the Company announces its annual or half-yearly results, or at any other time that the Remuneration Committee may in exceptional circumstances determine; and within the period of 10 years beginning with the date on which the Plan is approved by the shareholders in general meeting;
- the price per share at which a Participant acquires shares subject to an award is nil and no consideration shall be payable at any time in respect of Allocated Shares;
- awards granted to Senior Employees shall be subject to performance conditions specified by the Remuneration Committee in the Award certificate; and
- Awards vest on the earlier of an exit or leaving event subject to "good leaver/bad leaver" provisions.

# PLETHORA SOLUTIONS HOLDINGS PLC

## NOTES TO THE FINANCIAL STATEMENTS

For year ended 31 December 2016

### 6. SHARE BASED EMPLOYEE REMUNERATION (continued)

New awards under the LTIP were made on 19 December 2014 which replaces previous awards made on 17 November and 10 December 2013. This has been accounted for as a modification of original awards in accordance with IFRS2 "Share-based payments". Following the acquisition of the Company by Regent Pacific, all LTIPs fully vested on March 2016 and all performance criteria were waived as a result of the change in control.

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The estimate of the fair value of services received is measured based on the Black-Scholes valuation model. The significant inputs into the model for each grant during the year and the prior year were:

	2013 LTIP 19 December 2014
Date of grant	
Share price at grant date	6.25
Exercise price	-
Number of employees	5
Shares under option	38,200,000
Vesting period (months)	36
Expected volatility (expressed as standard deviation of expected share price returns)	80%
Expected option life (months)	36
Risk free interest rate (based on national Government bonds)	0.5%
Dividend yield	0%
Fair value per option	6p

# PLETHORA SOLUTIONS HOLDINGS PLC

## NOTES TO THE FINANCIAL STATEMENTS

For year ended 31 December 2016

### 6 SHARE BASED EMPLOYEE REMUNERATION (continued)

Movements in the total number of share options outstanding under the LTIP scheme at the year end were as follows:

	31 December 2016 Number of options	31 December 2015 Number of options
At 1 January	54,200,000	54,200,000
Vested	(54,200,000)	-
<b>At 31 December</b>	<b>-</b>	<b>54,200,000</b>

There were no outstanding awards and no new share option grants during 2016.

Volatility is estimated based on the historical volatility of the Company's share price at the grant date. Share options are granted under a service condition. Such conditions are not taken into account in the fair value measurement of the services received. There were no market conditions associated with the share option grants.

In total, £ 762,000 of employee remuneration expense has been included in the Consolidated Statement of Comprehensive Income for the year ended 31 December 2016 (2015: £2,992,000). No liabilities were recognised due to share based payment transactions (2015: £nil). The terms of the original LTIP grant provided for a waiver of the performance criteria on a change in control event. As a consequence of this an acceleration of the vesting period was recognised due to the acquisition by Regent Pacific.

### 7 FINANCE COSTS AND INCOME

	2016 £'000	2015 £'000
Effective interest charge on borrowings	(119)	(232)
Fair value loss on revaluation of loan warrants	(1,287)	-
<b>Finance costs from continuing activities</b>	<b>(1,406)</b>	<b>(232)</b>
Bank interest receivable	3	2
Fair value gain on revaluation of loan warrants	-	2,291
<b>Finance income from continuing activities</b>	<b>3</b>	<b>2,293</b>

### 8 INCOME TAX

The tax is based on the loss for the year and represents:

	2016 £'000	2015 £'000
UK corporation tax:		
Adjustments in respect of prior years	356	195
Current tax credit	356	195
Current tax credit for the year	-	-
Deferred taxation (note 14)	-	-
<b>Tax on loss on continuing operations</b>	<b>356</b>	<b>195</b>



# PLETHORA SOLUTIONS HOLDINGS PLC

## NOTES TO THE FINANCIAL STATEMENTS

For year ended 31 December 2016

### 8 INCOME TAX (continued)

The tax assessed differs from the effective rate of corporation tax in the UK of 20 % (2015: 20.25%). The differences are explained as follows:

	2016 £'000	2015 £'000
Loss for the year from continuing operations before taxation	<u>(6,628)</u>	<u>(5,840)</u>
Loss for the year from continuing operations multiplied by the effective rate of corporation tax during the year in the UK of 20 % (2015: 20.25%)	<b>(1,325)</b>	<b>(1,182)</b>
Effect of:		
Expenses not deductible for tax purposes	153	612
Depreciation in excess of capital allowances	3	3
Utilisation of tax losses	-	(50)
Carry forward of unutilised tax losses	1,169	617
Adjustments in respect of prior year	<u>356</u>	<u>195</u>
	<b>356</b>	<b>195</b>

At 31 December 2016 the Group and Company had tax losses of £55,166,000 (2015: £52,119,000) and £17,365,000 (2015: £14,602,000) respectively to offset against future profits within the United Kingdom.

During the year, the standard rate of Corporation tax in the UK was 20%. Accordingly, the Group's losses for this accounting year are taxed at an effective rate of 20%.

Finance Act 2013 included legislation to reduce the main rate of Corporation Tax to 20% with effect from 1st April 2015. Further reductions in the main rate of Corporation Tax in the UK to 19% from 1st April 2017 and 18% from 1st April 2020 were substantively enacted on 26 October 2015. The calculation of the unrecognised deferred tax asset has taken into consideration these rates. See note 16 for further details.

### 9 PROPERTY, PLANT AND EQUIPMENT - GROUP

	Fixtures, fittings, computers and equipment £'000
<b>Cost</b>	
At 1 January 2015	82
Additions	1
Disposals	-
At 31 December 2015	<u>83</u>
Additions	2
<b>At 31 December 2016</b>	<b><u>85</u></b>
<b>Accumulated depreciation</b>	
At 1 January 2015	6
Charge for the year	17
Disposals	-
At 31 December 2015	<u>23</u>
Charge for the year	17
<b>At 31 December 2016</b>	<b><u>40</u></b>
<b>Net book value</b>	
At 31 December 2015	<u>60</u>
<b>At 31 December 2016</b>	<b><u>45</u></b>

The assets of the Group are held in Plethora Solutions Limited, 100% subsidiary of the Group.

# PLETHORA SOLUTIONS HOLDINGS PLC

## NOTES TO THE FINANCIAL STATEMENTS

For year ended 31 December 2016

### 10 INVENTORIES - GROUP

	2016 £'000	2015 £'000
Finished Goods	47	-

### 11 INVESTMENTS

Company

	Subsidiary undertakings £'000
<b>Cost</b>	
At 1 January 2015	80,010
Additions	1,146
At 31 December 2015	81,156
Additions	344
<b>At 31 December 2016</b>	<b>81,500</b>
<b>Accumulated Impairment</b>	
At 1 January 2015	(80,010)
Impairment charge	(1,146)
At 31 December 2015	(81,156)
Impairment charge	(344)
<b>At 31 December 2016</b>	<b>(81,500)</b>
<b>Net book value</b>	
At 31 December 2016	-
At 31 December 2015	-

At 31 December 2016 the subsidiaries of the Group were as follows:

Name of subsidiary undertaking	Country of incorporation	Description of shares held	% of nominal value of shares held	Principal business activity
Plethora Solutions Limited	United Kingdom	1p Ordinary	100	Development of pharmaceutical drugs

On 2 February 2016, Plethora Therapeutics Limited (PTL) a dormant subsidiary of the Group was formally dissolved.

### 12 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Other receivables	44	341	26	46
Prepayments and accrued income	43	481	34	31
<b>Total</b>	<b>87</b>	<b>822</b>	<b>60</b>	<b>77</b>

# PLETHORA SOLUTIONS HOLDINGS PLC

## NOTES TO THE FINANCIAL STATEMENTS

For year ended 31 December 2016

There were no trade receivables at the year end (2015: £nil). Other receivables relate to contractual amounts receivable by the Group and are considered by the directors to be fully recoverable.

The fair value of these short term financial assets is not individually determined as the carrying amount is a reasonable approximation of fair value.

### 13 CASH AND CASH EQUIVALENTS

	Group		Company	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Cash and cash equivalents	<u>156</u>	<u>93</u>	<u>1</u>	<u>2</u>

Cash and cash equivalents consist of cash on hand and balances with banks only.

As at 31 December 2016, the Group had several loan agreements in place with Regent Pacific Group Limited totalling £3m with £180,000 credit facility which was unused at year end.

The fair value of these short term financial assets is not individually determined as the carrying amount is a reasonable approximation of fair value.

### 14 DEFERRED TAXATION

At 31 December 2016, the Group and Company had an unrecognised deferred tax asset relating to losses carried forward of £9,945,000 (2015: £9,919,000) and £3,125,000 (2015: £ 2,774,000) respectively and an unrecognised deferred tax asset of £nil (2015: £418,000) and £nil (2015: £287,000) respectively relating to share-based payments. The assets have not been recognised as the Directors have insufficient certainty over the utilisation of these losses and associated tax benefits in the foreseeable future because it is not considered probable that future taxable profit will be available against which they can be realised. Deferred tax balance has been calculated at 18% (2015: 19%).

Other deferred tax assets and liabilities arising from other temporary differences are considered to be insignificant.

### 15 TRADE AND OTHER PAYABLES

	Group		Company	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
<b>Less than 3 months</b>				
Trade and other payables	1,305	604	139	119
Social security and other taxes	201	264	194	157
Accrued expenses	57	221	30	187
<b>Between 3 and 12 months</b>				
Accrued expenses	<u>50</u>	<u>50</u>	<u>50</u>	<u>17</u>
	<u>1,613</u>	<u>1,139</u>	<u>413</u>	<u>480</u>

# PLETHORA SOLUTIONS HOLDINGS PLC

## NOTES TO THE FINANCIAL STATEMENTS

For year ended 31 December 2016

Due to the short term duration of trade and other payables the carrying value in the balance sheet represents the fair value of the liabilities.

### 16 BORROWINGS – GROUP AND COMPANY

	2016 £'000	2015 £'000
<b>Current borrowings</b>		
Regent Bridge Loan	2,820	-
CfE loan warrant instrument	-	1,173
Interest on Regent Loan	116	-
Galloway Loan warrant instrument	-	1,734
Mellon Bridge Loans	-	340
Interest accrued on Mellon Bridge Loans	-	13
	<u>2,936</u>	<u>3,260</u>
<b>Total Borrowings</b>	<u>2,936</u>	<u>3,260</u>

The future contractual payments of principal for convertible loan notes and third party borrowings are as follows:

	2016 £'000	2015 £'000
<b>Within one year:</b>		
Regent Pacific Loan	2,820	-
Mellon Bridge Loans	-	340
	<u>2,820</u>	<u>340</u>

During 2016, Regent Pacific Group Limited provided additional working capital by way of several bridging loan facilities totalling £3,000,000 of which £2,820,000 had been drawdown by the end of the year. The Loans are repayable on demand and interest is accrued at the prevailing Libor rate.

On 9 March 2016, Jim Mellon exercised his option to convert the remainder of Mellon bridge loan of £340,000 to 17,000,000 new Ordinary Shares at a price of 2p per share and interest totalling £16,022 which had been accrued at 5% per annum was repaid at the same time.

### 17 FINANCIAL INSTRUMENTS

During the financial year, the Group and company used financial instruments comprising cash and short-term deposits, related party loans and convertible debt instruments. It has issued warrant instruments in relation to loan and convertible debt arrangements. It does not enter into derivative transactions such as interest rate swaps, forward rate agreements or forward currency contracts. The Group and Company have items such as trade payables that arise directly from its operations.

#### Liquidity risk

The Group seeks to manage financial risk by ensuring it has adequate liquid resource to meet its obligations as they fall due. During the year the Group used share issues and loans to raise finance for the Group's activities. The Directors prepare detailed cash flow forecasts which are monitored frequently to ensure that all obligations can be settled as they fall due.

# PLETHORA SOLUTIONS HOLDINGS PLC

## NOTES TO THE FINANCIAL STATEMENTS

For year ended 31 December 2016

### 17 FINANCIAL INSTRUMENTS (continued)

#### Interest rate risk

During 2016, interest was accrued on Regent Loans at prevailing LIBOR rate on drawdown date plus 5%. During 2015, all interest rates on the Group's borrowings are fixed. Interest was paid at 14% on the Convertible Loan Notes Due 2015, the CfE Loan and the Galloway Loan and at 5% (2015:5%) on the Mellon Bridge Loans.

#### Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Group holds financial instruments in form of warrant instruments which are affected by fluctuation in market prices. These instruments are revalued each year end and movements recognized in the profit and loss statement. No sensitivity analysis of market risk caused by share price movement has been done since the effect of the movement is recognised through the profit and Loss statement.

#### Financial assets and liabilities

The IAS 39 categories of financial assets included in the balance sheet and the headings in which they are included are as follows:

	Group		Company	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Loans and other receivables	<u>243</u>	<u>915</u>	<u>61</u>	<u>79</u>

The financial assets are included in the balance sheet in the following headings:

#### Current assets

Trade and other receivables	87	822	60	77
Cash and cash equivalents	<u>156</u>	<u>93</u>	<u>1</u>	<u>2</u>
	<u>243</u>	<u>915</u>	<u>61</u>	<u>79</u>

The IAS 39 categories of financial liabilities included in the balance sheet and the headings in which they are included are as follows:

	Group		Company	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Financial liabilities at amortised cost	4,533	1,492	3,349	833
Financial liabilities at fair value through profit and loss	-	2,907	-	2,907
	<u>1,712</u>	<u>4,399</u>	<u>3,349</u>	<u>3,740</u>

# PLETHORA SOLUTIONS HOLDINGS PLC

## NOTES TO THE FINANCIAL STATEMENTS

For year ended 31 December 2016

### 17 FINANCIAL INSTRUMENTS (continued)

The financial liabilities are included in the balance sheet in the following headings:

	2016 £'000	2015 £'000	2016 £'000	2015 £'000
<b>Current liabilities</b>				
Trade and other payables	1,597	1,139	413	480
Borrowings	2,936	3,260	2,936	3,260
	<u>4,533</u>	<u>4,399</u>	<u>3,349</u>	<u>3,740</u>

Trade and other payables are measured at amortised cost and borrowings are initially measured at their fair values and subsequently at amortised cost. Loan warrants are fair valued at each year end with the gain/loss posted through profit or loss.

#### Fair value hierarchy

The fair value of the Group's financial instruments is disclosed in hierarchy levels depending on the valuation method applied. The different methods are defined as follows:

Level 1: valued using unadjusted quoted prices in active markets for identical financial instruments;

Level 2: valued using techniques based on information that can be obtained from observable market data; and

Level 3: valued using techniques incorporating information other than observable market data as at least one input to the valuation cannot be based on observable market data.

The fair value of the Group's financial assets and liabilities at 31 December 2016 are set out below:

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
<b>Financial liabilities</b>				
Warrant instruments	-	-	-	-
<b>At 31 December 2016</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

The fair value of the Group's financial assets and liabilities at 31 December 2015 are set out below:

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
<b>Financial liabilities</b>				
Warrant instruments	2,907	-	-	2,907
<b>At 31 December 2015</b>	<b>2,907</b>	<b>-</b>	<b>-</b>	<b>2,907</b>

### 18 CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Group's capital management objectives are to ensure that it can continue as a going concern and has adequate capital to fund marketing and development activities. The Group regularly reviews its capital requirements to ensure it is a going concern and is in compliance with all by-laws and restrictions imposed by its lenders.

In order to maintain or adjust the capital structure, during the financial year the Group would issue new shares or sell assets to reduce debt. The Group monitors capital on the basis of net assets and the Group's strategy is to improve its balance sheet position in order to be able to provide a return to shareholders. No dividend was paid during the years ended 31 December 2016 and 2015.

# PLETHORA SOLUTIONS HOLDINGS PLC

## NOTES TO THE FINANCIAL STATEMENTS

For year ended 31 December 2016

### 18 CAPITAL MANAGEMENT POLICIES AND PROCEDURES (continued)

	2016	2015
	£000	£000
Borrowings	2,936	3,260
Trade and other payables	1,613	480
Less: Cash and cash equivalents	(156)	(93)
<b>Net debt</b>	<b>4,393</b>	<b>3,647</b>
<b>Total equity</b>	<b>8,945</b>	<b>8,233</b>
Net debt to equity ratio	49%	44%

No change were made in the objectives, policies or processes for managing capital during the years ended 31 December 2016 and 2015.

As of 9 March 2016, 100% of the issued share capital of the Group was acquired by Regent Pacific Group Limited and the outstanding borrowings were settled. Following the acquisition, Regent Pacific Group Limited have confirmed they will support the Group with all financial support as needed.

### 19 SHARE CAPITAL – GROUP AND COMPANY

	2016	2015
	£000	£000
<b>Allotted, issued and fully paid</b>		
894,497,686 (2015: 823,297,686) ordinary shares of 1 penny each	<b>8,945</b>	<b>8,233</b>

All ordinary shares carry the same voting rights and rights to discretionary dividends.

#### Issues in 2016

During the year, the Company issued 17,000,000 (2015: 142,285,957) new Ordinary Shares to settle its existing debt instruments.

A further 54,200,000 new ordinary shares were issued in connection with awards under the Company's LTIP scheme.

As of 9 March 2016, 100% of the issued share capital of the Group was acquired by Regent Pacific Group Limited.

#### Issues in 2015

During 2015, the Company announced that under Debt Restructuring Agreement entered into on 18 March 2013, it had received notice from Maven Capital Partners (UK) LLP as a manager of the Capital for Enterprise Fund A LP, Jim Mellon and Galloway Limited to convert their convertible loan notes of £569,595, £210,000 and £850,000 respectively into ordinary shares of 1p each at a price of 2p per share.

Following this notice, 142,285,957 new Ordinary Shares were issued as payment for accrued interest of £1,216,124 and convertible loan notes of £1,629,595 taking the total enlarged capital to 823,297,686 Ordinary Shares.

# PLETHORA SOLUTIONS HOLDINGS PLC

## NOTES TO THE FINANCIAL STATEMENTS

For year ended 31 December 2016

### 20 LEASING COMMITMENTS

The Group's aggregate minimum operating lease payments for the remaining lives of the leases are as follows:

	2016 Land and buildings £'000	2015 Land and Buildings £'000
Expiring in less than one year	4	4

The lease recorded in the financial statements is in respect of the Group's office premises.

### 21 TRANSACTIONS WITH DIRECTORS AND OTHER RELATED PARTIES

During the year, the Group transacted with certain related parties:

	Value of services acquired		Amounts due at 31 December	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Arc Portfolio Management Limited	-	14	-	1
Culminant Capital Inc	4	22	-	5
Global Pharma Consulting	112	28	-	-
Henderson Baillieu Ltd	4	17	-	17
Jim Mellon	364	657	-	337
Maven Capital Partners (UK) LLP	-	19	-	-
Regent Pacific Group Limited	13	244	-	21
Vital Luck Limited	37	314	-	-

During 2016, £nil (2015: £14,000) was paid to Arc Portfolio Management Limited for M Collis's services as CFO. Mr Collis is a director and sole shareholder of Arc Portfolio Management Limited.

During 2016, £4,000 (2015: £22,000) of the fees paid to G Bailey, were paid to Culminant Capital Inc. G Bailey is a director and shareholder of Culminant Capital Inc.

During 2016, £112,000 (2015: £28,000) of the fees owed to M G Wyllie, were paid to Global Pharma Consulting. Dr Wyllie is a director and majority shareholder of Global Pharma Consulting.

During 2016, £4,000 (2015: £17,000) of fees paid to A Baillieu were paid to Henderson Baillieu Ltd following his appointment to the board as non executive director in May 2015. A Baillieu is a director of Henderson Baillieu Ltd.

During 2016, £364,000 (2015: £657,000) was paid to Jim Mellon for board fees and interest owed on bridge loan of £340,000 to the Group which provide additional working capital.

During 2016, £12,500 (2015: £50,000) of the £50,000 paid to J Gibson was paid to Regent Pacific Group Limited for J Gibson's service as CEO – a company in which Jim Mellon has an interest. The remainder £37,500 (2015: £314,000) of fees paid to J Gibson were paid to Vital Luck Ltd. J Gibson is a director of Vital Luck Ltd.

### 22 CONTROLLING PARTY

As at 31 December 2016, Regent Pacific Group Limited, a Hong Kong listed company, registered in the Cayman Islands, was the company's controlling party.