PLETHORA SOLUTIONS HOLDINGS PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2017

Company Number 05341336

PLETHORA SOLUTIONS HOLDINGS PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2017

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 Mayfair London W1S 1FS
Independent Auditors:	BDO LLP 2 City Place Beehive Ring Road Gatwick West Sussex RH6 0PA

PLETHORA SOLUTIONS HOLDINGS PLC

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

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Highlights

- Fortacin™ was launched in the UK in November 2016 online via an online consultation, with prescriptions filled by Chemist 4 U (https://www.chemist-4-u.com/).

- Three (3) good manufacturing practice ("**GMP**") batches of the Fortacin™ 12 dose product previously manufactured by Pharmaserve (North West) Limited ("**Pharmaserve**"), together with a further variation application to widen the moisture levels permitted in the product during shelf life, received approval from the European Medicines Agency ("**EMA**") on 23 March 2017, enabling the manufacture and release of the European Union ("**EU**") commercial supplies for launch of Fortacin™, planned by Recordati in February / March 2018.

- Additional manufacturing process development at Pharmaserve was completed on the 380 litre commercial scale up, which increased the commercial batch size for Fortacin™ by approximately threefold, with a view to lowering the unit price and meeting the anticipated increase in demand following the EU commercial launch in February / March 2018 by Recordati.

- The Company, on behalf of Plethora, has formally approached the Hong Kong Department of Health and the Macau Government Health Bureau to acquire import licences to allow for the sale of Fortacin™ in Hong Kong and Macau.

- Preparations for the filing of the NDA with the FDA.

- Discussions with new potential licencing partners for Fortacin™ in other geographical regions at an advanced stage.

For financial year ended 31 December 2017, Plethora made a profit of GBP 1.68 million (or approximately US$2.16 million) (2016: loss of GBP 6.63 million (or approximately US$8.99 million)).

Operations Update

Management's focus remains squarely on the commercialisation of Fortacin™. Plethora undertook a soft launch of Fortacin™ in the UK from 10 November 2016 via an online platform, which was required to be done before the sunset clause deadline of 19 November 2016. With the transfer of the European Marketing Authorisation to Recordati on 2 November 2017, Recordati has now taken over the distribution, marketing and sales of Fortacin™ for Europe including the UK, Russia, the Commonwealth of Independent States (CIS) and select countries of North Africa and consequently the Group has terminated its distribution agreement with JJS Pharma (UK) Limited ("JJS Pharma"), the wholesaler for the UK.

STRATEGIC REPORT

Commercial Launch of Fortacin™ in Europe by Recordati

Post year end, Fortacin™ was officially launched, by way of first commercial sales from Recordati to wholesalers in Italy on 9 February 2018, with first Fortacin™ sales to follow in France and Spain on 16 and 19 February 2018, respectively, and thereafter in Germany and Portugal on 1 March 2018.

Recordati remains confident that the planned commercialisation of Fortacin™ in Greece, Romania, Czech Republic, Slovak Republic and Poland in the second half of 2018 remains on schedule with commercialisation efforts to target the rest of Europe, Russia, the Commonwealth of Independent States (CIS) and select countries of North Africa in the coming years.

380L Commercial Manufacturing Scale Up

Plethora commenced additional manufacturing process development at Pharmserve with the goal of increasing the commercial batch size for Fortacin™ by approximately threefold to circa 50,000 cans per manufacturing run. The increased number of units produced per batch should offer benefits of a lower unit price and enable the anticipated increase in demand following the anticipated EU commercial launch in 2018 by Recordati to be met.

Plans to increase the batch size to approximately 380L are ongoing. The change in batch size would require preparation, submission and approval of a variation application, together with amendment of in-process limits or minor changes to the manufacturing process.

The manufacture of 3 x process validation batches of the 12 dose product at the 380L scale has recently been completed. Stability data on release at time point zero for the three batches has been received with the data being within specification.

Stability studies on the three phamacovigilance (PV) batches will be initiated by Recordati, with the aim of completing the necessary regulatory submission to EMA in 2018 to support the wider sale and distribution of Fortacin™ in Europe by Recordati.

Additional stability data has been generated on the 3 x GMP batches of the 12 dose product manufactured at Pharmaserve, which were used to support registration of the 12 dose product to the European Marketing Authorisation. Stability data at the 18-month timepoint, which corresponds to the end of the registered shelf life, was within specification for all 3 GMP batches.

Regulatory Submissions

Plethora received a favourable opinion from EMA on 23 March 2017 and 27 June 2017 for two variation applications amending the specification and manufacturing process of Fortacin™. This enabled commercial supplies of the 12 dose Fortacin™ product manufactured by Pharmaserve to be released for sale in the UK via

JJS Pharma. This agreement was however subsequently terminated in late November 2017 when the European Marketing Authorisation of Fortacin™ was transferred to Recordati on 2 November 2017 (as detailed below).

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.

On 2 November 2017, Plethora received a favourable Commission Implementing Decision from the European Commission on the proposed transfer of the European Marketing Authorisation of Fortacin™ to Recordati, from Plethora.

This is the final procedural step in the European Marketing Authorisation transfer process and means that the transfer is now effective, with Recordati the new European Marketing Authorisation holder, which it is required to carry out its marketing and distributions obligations under the Amended and Restated Licence Agreement (as detailed below). Importantly, receipt of the European Commission Decision is the trigger for the start of a six-month implementation period, during which all obligations and responsibilities for the European Marketing Authorisation will transfer from Plethora to Recordati.

Submission of the renewal application has been completed by Recordati in advance of the submission deadline of 19 February 2018, 9 months prior to the 5-year anniversary of the date of notification of the European Commission (EC) decision granting the original marketing authorisation (MA).

The Recordati Amended and Restated Licence Agreement

On 3 October 2017, the Amended and Restated Licence Agreement and the Amended Development, Manufacturing and Supply Agreement were signed. The Group has received EUR 4 million from Recordati. Following the first commercial sale of Fortacin™ in each of Italy, France, Spain, Germany and Portugal, a total of EUR 4 million (or approximately US$4.91 million or HK$38.30 million) was duly received by the Group from Recordati during the period from 5 March to 23 March 2018, without any withholding as the three manufactured batches at 380L scale have come back within specification, as previously reported.

Marketing Authorisation in Hong Kong and Macau

The Group has recently submitted applications to the Hong Kong Department of Health Drug Office and the Macau Government Health Bureau to acquire import licences to allow for the sale of Fortacin™ in Hong Kong and Macau. The process for obtaining such marketing authorisation is relatively straight forward and will rely on presentation of the same dossier of information that allowed Fortacin™ to be approved for sale by the EMA. This means that no further clinical trials or supplemental data gathering should be required and approval should be granted on the strength of Plethora's existing EMA documentation.

The time frame for the Hong Kong Department of Health approval process is expected to be between 18 and 24 months. The Macau Health Bureau approval process is considerably shorter, and is expected to be completed within 6 to 12 months.

Commercial Partners

Plethora remains in active discussions with possible commercial partners for the sale and distribution of Fortacin™ in the remaining key markets of China, North America, Latin America and the Asia Pacific regions. Plethora will continue to work closely and diligently with its commercial partners and will keep shareholders and potential investors informed of any new developments as and when they occur.

New Drug Application with FDA

Plethora continues to make positive progress with the FDA on its NDA for Fortacin™. Following on from the company's meeting with the FDA on 9 August 2017, a pathway has been developed for submitting the NDA. This will involve, among other things, a double blinded placebo pilot study clinical trial that is designed to support the measurement properties of the Premature Ejaculation Bothersome Evaluation Questionnaire ("**PEBEQ™**") (i.e. the validation and reliability assessments for the PEBEQ), which is being developed per FDA Guidance and with FDA input. The pilot study will take approximately 12 months to complete.

Following a positive completion of this pilot study and receiving input from the FDA, Plethora will undertake a phase III double blinded placebo clinical trial and on completion the data will be submitted to the FDA. It is estimated that the clinical trial will take approximately 12 months to complete.

Trading Update for the financial year ended 31 December 2017

Plethora recorded an operating profit of GBP 1.68 million for the financial year ended 31 December 2017 (2016: loss of GBP 6.63 million).

The operating profit for the financial year ended 31 December 2017 included the milestone income of GBP 4.09 million (2016: nil) which being offset somewhat by: (i) R&D costs related to the regulatory and commercial manufacturing scale up activities of Fortacin™ of GBP 1.91 million (2016: GBP 3.31 million); and (ii) administrative expenses of GBP 0.40 million (2016: GBP 2.26 million).

Underlying R&D costs and administrative expenses for the financial year ended 31 December 2017 were broadly lower than the Board's expectations before adjustments being made to account for non-cash related share option costs. R&D costs were 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 2017, but the overall level of R&D expenditure is expected to be increased as the FDA approval process begins to gather pace in 2018 and 2019.

STRATEGIC REPORT

On the basis that all R&D expenditure is expended, there were no significant balance sheet movements to comment upon during the financial year ended 31 December 2017. As at 31 December 2017, Plethora had cash resources of GBP 57,000 (31 December 2016: GBP 156,000), with ongoing financial support being provided by the Group.

Borrowings

At 31 December 2017, the Group had total borrowings of £2,531,000 (2016: £2,936,000) 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, Plethora repaid part of its outstanding loan with Regent Pacific Group Limited totalling £3.46 million consisting of principal repayment of £3.2 million and interest accrued of £0.26 million.

Outlook

Now that the commercial manufacturing scale up activities on the 12 dose can is behind us and the first commercial sales from Recordati to wholesalers in the first five European countries began in February/March 2018, we are devoting our efforts with Recordati to a successful commercial launch in other countries in Europe in the second part of 2018, completing our clinical trial work and submitting our NDA with the FDA and bringing Fortacin™ to market through other new strategic commercial partners in the remaining key markets of China, the Asia Pacific region, the US and Latin America.

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.

STRATEGIC REPORT

The Group's intellectual property rights in relation to Fortacin™ in the European Union are protected by patent rights which expired in 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.

GOING CONCERN

The Group generated revenues of £4 million during the year from the licencing and commercialisation of Fortacin™ in Europe and had a cash balance of £57,000 as at 31 December 2017 and net liabilities of £2,532,000.

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 2019 that show that the Group with the financial support of its parent company, Regent Pacific Group Limited and Forecasted Licencing and Milestone payments 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 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 19-06-2018

The Directors present their annual report together with the audited consolidated and parent company financial statements for the year ended 31 December 2017.

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 profit for the year after taxation of £1,682,000 (2016: £6,628,000 loss).

The Directors do not recommend the payment of a dividend (2016: £nil).

2018 Outlook

Plethora continues to be focused on the development and commercialisation of its principal pharmaceutical product Fortacin™. Having successfully completed the commercial manufacturing scale up activities work on the 12 dose can and the first commercial sales from Recordati to wholesalers in the first five European countries began in February/March 2018, we are devoting our efforts with Recordati to a successful commercial launch in other countries in Europe in the second part of 2018, completing our clinical trial work and submitting our NDA with the FDA and bringing Fortacin™ to market through other new strategic commercial partners in the remaining key markets of China, the Asia Pacific region, the US and Latin America.

Financial risk management

The Group's financial risk management policies are disclosed in Note 17 to the financial statements.

Directors

The Directors of the Company who served during the year ended 31 December 2017 and up to the date of signing the financial statements, except where noted, were as follows:

M G Wyllie
J Gibson

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.

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 appointment as auditors in accordance with section 485 of the Companies Act 2006.

ON BEHALF OF THE BOARD

Mike Wyllie
Director
Date 19-06-2018

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

Opinion

We have audited the financial statements of Plethora Solutions Holdings plc for the year ended 31 December 2017 which comprise the consolidated statement of comprehensive income, the consolidated balance sheet, the company balance sheet, the consolidated statement of changes in equity, the company statement of changes in equity, the group and company cash flow statements and the related notes to the financial statements, including a summary of significant accounting policies. 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.*

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and parent company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic report and Directors' report for the financial year 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.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and Director's report.

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

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

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Use of our report

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

BDO LLP

James Fearon (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
Gatwick, West Sussex
Date: 21/6/18

BDO LLP is a Holdings plc 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 2017

	Note	Group 2017 £'000	2016 £'000
Revenue	3	**4,091**	-
Operating Costs:			
- research and development expenses		**(1,905)**	(3,317)
- general and administrative expenses		**(398)**	(2,264)
Total Net Operating Costs		**(2,303)**	(5,581)
Operating profit/(loss)	4	**1,788**	(5,581)
Finance costs	7	**(245)**	(1,406)
Finance income	7	**-**	3
Profit/(loss) from continuing operations for the year before taxation		**1,543**	(6,984)
Income tax credit	8	**139**	356
Profit/(loss) from continuing operations for the year after taxation		**1,682**	(6,628)
Profit/(loss) for the year and total comprehensive expense attributable to the owners of the parent		**1,682**	(6,628)

The accompanying accounting policies and notes on pages 18 to 37 form an integral part of these financial statements.

PLETHORA SOLUTIONS HOLDINGS PLC

CONSOLIDATED BALANCE SHEET

As at 31 December 2017

	Note	**31 December 2017 £'000**	31 December 2016 £'000
ASSETS			
Non-current			
Property, plant and equipment	9	**33**	45
Current			
Inventories	10	**-**	47
Trade and other receivables	12	**193**	87
Cash and cash equivalents	13	**57**	156
		250	290
Total assets		**283**	335
LIABILITIES			
Current			
Trade and other payables	15	**(284)**	(1,613)
Borrowings	16	**(2,531)**	(2,936)
Total liabilities		**(2,815)**	(4,549)
Net liabilities		**(2,532)**	(4,214)
EQUITY			
Share capital	19	**8,945**	8,945
Share premium		**48,277**	48,277
Other reserves		**9,102**	9,102
Convertible loan note reserve		**-**	-
Share based payment reserve		**-**	-
Accumulated losses		**(68,856)**	(70,538)
Total equity		**(2,532)**	(4,214)

The accompanying accounting policies and notes on pages 18 to 37 form an integral part of these financial statements.

The financial statements on pages 12 to 17 were approved by the Board of Directors on 19 June 2018 and are signed on its behalf by:

Mike Wyllie
Director

Registered number: 05341336

PLETHORA SOLUTIONS HOLDINGS PLC

COMPANY BALANCE SHEET

As at 31 December 2017

	Note	**31 December 2017**	31 December 2016
		£'000	£'000
ASSETS			
Non-current			
Investments	11	-	-
Current			
Trade and other receivables	12	**25**	**60**
Cash and cash equivalents	13	**4**	**1**
		29	**61**
Total assets		**29**	**61**
LIABILITIES			
Current			
Trade and other payables	15	**(1,353)**	**(413)**
Borrowings	16	**(2,531)**	**(2,936)**
Total liabilities		**(3,884)**	**(3,349)**
Net liabilities		**(3,855)**	**(3,288)**
EQUITY			
Share capital	19	**8,945**	**8,945**
Share premium		**48,277**	**48,277**
Convertible loan note reserve		-	-
Share based payment reserve		-	-
Other Merger Reserves		**4,194**	**4,194**
Accumulated losses		**(65,271)**	**(64,704)**
Total equity		**(3,855)**	**(3,288)**

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 £567,000 (2016: £5,465,000).

The accompanying accounting policies and notes on pages 18 to 37 form an integral part of these financial statements.

The financial statements on pages 12 to 17 were approved by the Board of Directors on 19 June 2018 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 2017

	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
Balance at 1 January 2016	**8,233**	**48,091**	**4,908**	**16**	**4,858**	**(69,530)**	**(3,424)**
Loss and total comprehensive expense for the year							
Transactions with owners:	-	-	-	-	-	(6,628)	(6,628)
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)	-	-	-
Balance at 31 December 2016	**8,945**	**48,277**	**9,102**	**-**	**-**	**(70,538)**	**(4,214)**
Profit and total comprehensive expense for the year							
Transactions with owners:	-	-	-	-	-	1,682	1,682
Employee share based compensation	-	-	-	-	-	-	-
Transfer for lapsed share options	-	-	-	-	-	-	-
Release of equity reserve of Convertible Loans notes	-	-	-	-	-	-	-
Balance at 31 December 2017	**8,945**	**48,277**	**9,102**	**-**	**-**	**(68,856)**	**(2,532)**

PLETHORA SOLUTIONS HOLDINGS PLC

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2017

	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
Balance at 1 January 2016	**8,233**	**48,091**	**-**	**16**	**4,056**	**(64,057)**	**(3,661)**
Loss and total comprehensive expense for the year	-	-	-	-	-	(5,465)	(5,465)
Transactions with owners:							
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)	-	-	-
Balance at 31 December 2016	**8,945**	**48,277**	**4,194**	**-**	**-**	**(64,704)**	**(3,288)**
Loss and total comprehensive expense for the year	-	-	-	-	-	(567)	(567)
Transactions with owners:							
Employee share based compensation	-	-	-	-	-	-	-
Transfer for lapsed share options	-	-	-	-	-	-	-
Balance at 31 December 2017	**8,945**	**48,277**	**4,194**	**-**	**-**	**(65,271)**	**(3,855)**

PLETHORA SOLUTIONS HOLDINGS PLC

GROUP AND COMPANY CASH FLOW STATEMENTS

For the year ended 31 December 2017

		Group		Company	
	Note	**2017**	2016	**2017**	2016
		£'000	£'000	**£'000**	£'000
Cash flows from operating activities					
Profit/(loss before taxation		**1,543**	(6,984)	**(567)**	(5,465)
Finance income	7	**-**	(3)	**-**	-
Finance costs	7	**245**	1,406	**242**	1,406
Share-based payment charge		**-**	762	**-**	418
Impairment of investment in subsidiary		**-**	-	**-**	344
Depreciation of property, plant and equipment	9	**18**	17	**-**	-
Change in Inventory		**47**	(47)	**-**	-
Change in trade and other receivables		**(106)**	540	**35**	17
Change in trade and other payables		**(1,329)**	474	**940**	(67)
Total cash utilised by operations		**418**	(3,835)	**650**	(3,347)
Interest paid		**(268)**	(16)	**(265)**	(16)
Income taxes received		**139**	551	**-**	-
Net cash outflow from operating activities		**289**	(3,300)	**385**	(3,363)
Cash flows from investing activities					
Interest received		**-**	3	**-**	-
Purchase of plant and equipment		**(6)**	(2)	**-**	-
Net cash generated from investing activities		**(6)**	1	**-**	-
Cash flows from financing activities					
Proceeds from Issue of shares		**-**	542	**-**	542
Repayment of Regent Loans		**(3,205)**	-	**(3,205)**	-
Proceeds from Regent Loans		**2,823**	2,820	**2,823**	2,820
Net cash generated from financing activities		**(382)**	3,362	**(382)**	3,362
(Decrease)/increase in cash and cash equivalents		**(99)**	63	**3**	(1)
Cash and cash equivalents at the beginning of year		**156**	93	**1**	2
Cash and cash equivalents at end of year	13	**57**	156	**4**	1

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.

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 £ 567,000 (2016: £5,465,000 loss).

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.

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.

The Group recorded revenues of £4 million during the year and had a cash balance of £57,000 as at 31 December 2017 and net liabilities of £2,532,000.

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 2019 that show that the Group with the financial support of its parent company, Regent Pacific Group Limited and forecasted upfront milestone receipts 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 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.

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.

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.

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.

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.

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 6 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.

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.

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.

2 ACCOUNTING POLICIES (Continued)

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 19.

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

The Group received revenues during the year of £4 million (2016: nil). This turnover was derived from the following markets:

	2017 £'000	2016 £'000
United Kingdom	-	-
Rest of Europe	4,091	-
	4,091	-

4 OPERATING LOSS

The operating loss is stated after charging:

	2017 £'000	2016 £'000
Auditors' remuneration:		
- Company	**33**	33
Other services:		
- audit of subsidiary undertakings	**9**	10
- corporate taxation compliance	**16**	-
- tax advisory services	**1**	-
- other non-audit services	**5**	-
Foreign Exchange loss	**14**	99
Operating lease charges:		
Land and buildings	**10**	10
Depreciation:		
Property, plant and equipment – owned	**18**	17

5 DIRECTORS AND EMPLOYEES

	2017 Number	2016 Number
The average monthly number of persons (including Directors) employed by the Group during the year was:		
Administration and management staff	**3**	4

	2017 £'000	2016 £'000
Staff costs during the year were as follows:		
Wages and salaries including termination benefits	**314**	912
Social security costs	**(16)**	20
Share based compensation	**-**	762
	298	1,694

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

	2017 £'000	2016 £'000
Salaries, bonus and fees	**196**	791
Share based compensation	**-**	760
	196	1,551

Emoluments of the highest paid directors were £183,000 (2016: £822,000). 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.

6 SHARE BASED EMPLOYEE REMUNERATION (continued)

	31 December 2017		31 December 2016	
	Number of options	**Weighted average exercise price (pence)**	Number of options	Weighted average exercise price (pence)
At 1 January	-	-	132,460	59
Lapsed	-	-	(132,460)	59
At 31 December	-	-	-	-

There were no outstanding options during the period.

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.

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.

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

	31 December 2017 Number of options	31 December 2016 Number of options
At 1 January	-	54,200,000
Vested	-	(54,200,000)
At 31 December	-	-

There were no outstanding awards and no new share option grants during 2017.

6 SHARE BASED EMPLOYEE REMUNERATION (continued)

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.

No share based payment was included in the Consolidated Statement of Comprehensive Income for the year ended 31 December 2017 (2016: £762,000). No liabilities were recognised due to share based payment transactions (2016: £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

	2017 £'000	2016 £'000
Effective interest charge on borrowings	**(245)**	(119)
Fair value loss on revaluation of loan warrants	-	(1,287)
Finance costs from continuing activities	**(245)**	(1,406)
Bank interest receivable	-	3
Finance income from continuing activities	-	3

8 INCOME TAX

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

	2017 £'000	2016 £'000
UK corporation tax:		
Adjustments in respect of prior years	**139**	356
Current tax credit	**139**	356
Current tax credit for the year	-	-
Deferred taxation (note 14)	-	-
Tax on loss on continuing operations	**139**	356

The tax assessed differs from the effective rate of corporation tax in the UK of 19.25 % (2016: 20%). The differences are explained as follows:

	2017 £'000	2016 £'000
Loss for the year from continuing operations before taxation	**1,543**	(6,984)
Loss for the year from continuing operations multiplied by the effective rate of corporation tax during the year in the UK of 19.25 % (2016: 20%)	**297**	(1,397)
Effect of:		
Expenses not deductible for tax purposes	-	153
Depreciation in excess of capital allowances	**3**	3
Utilisation of tax losses	**(300)**	-
Carry forward of unutilised tax losses	-	1,241
Adjustments in respect of prior year	**139**	356
	139	356

8 INCOME TAX (continued)

At 31 December 2017 the Group and Company had tax losses of £ 54,448,343 (2016: £56,011,091) and £17,714,902 (2016: £17,147,376) 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 14 for further details.

9 PROPERTY, PLANT AND EQUIPMENT - GROUP

	Fixtures, fittings, computers and equipment £'000
Cost	
At 1 January 2016	83
Additions	2
Disposals	-
At 31 December 2016	85
Additions	6
At 31 December 2017	**91**
Accumulated depreciation	
At 1 January 2016	23
Charge for the year	17
Disposals	-
At 31 December 2016	40
Charge for the year	18
At 31 December 2017	**58**
Net book value	
At 31 December 2016	45
At 31 December 2017	**33**

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

10 INVENTORIES - GROUP

	2017 £'000	2016 £'000
Finished Goods	-	47

11 INVESTMENTS

Company

	Subsidiary undertakings £'000
Cost	
At 1 January 2016	81,156
Additions	344
At 31 December 2016	81,500
Additions	-
At 31 December 2017	**81,500**
Accumulated Impairment	
At 1 January 2016	(81,156)
Impairment charge	(344)
At 31 December 2016	(81,500)
Impairment charge	-
At 31 December 2017	**(81,500)**
Net book value	
At 31 December 2017	-
At 31 December 2016	-

At 31 December 2017 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	
	2017	2016	**2017**	2016
	£'000	£'000	**£'000**	£'000
Other receivables	**164**	44	**-**	26
Prepayments and accrued income	**29**	43	**25**	34
Total	**193**	87	**25**	60

There were no trade receivables at the year end (2016: £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	
	2017	2016	**2017**	2016
	£'000	£'000	**£'000**	£'000
Cash and cash equivalents	**57**	156	**4**	1

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

As at 31 December 2017, the Group had several loan agreements in place with Regent Pacific Group Limited totalling $6million (2016: £4.5million) with $3.8million (2016: £2.8million) of the credit facility 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 2017, the Group and Company had an unrecognised deferred tax asset relating to losses carried forward of £10,481,306 (2016: £10,782,133) and £3,410,119 (2016: £3,300,870) respectively and an unrecognised deferred tax asset of £nil (2016: £nil) and £nil (2016: £nil) 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 19.25% (2016: 18%).

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

15 TRADE AND OTHER PAYABLES

	Group		Company	
	2017	2016	**2017**	2016
	£'000	£'000	**£'000**	£'000
Less than 3 months				
Trade and other payables	**142**	1,305	**12**	139
Social security and other taxes	**19**	201	**12**	194
Accrued expenses	**73**	57	**54**	30
Between 3 and 12 months				
Amounts owed to group undertakings	**-**	-	**1,225**	-
Accrued expenses	**50**	50	**50**	50
	284	1,613	**1,353**	413

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

	2017 £'000	2016 £'000
Current borrowings		
Regent Bridge Loan	**2,438**	2,820
Interest on Regent Loan	**93**	116
	2,531	2,936
Total Borrowings	**2,531**	2,936

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

	2017 £'000	2016 £'000
Within one year:		
Regent Pacific Loan	**2,438**	2,820
	2,438	2,820

During 2017, Regent Pacific Group Limited provided additional working capital by way of bridging loan facilities totalling £5.5million (2016: £3 million) of which £2.8 million (2016: £2.8 million) had been drawdown by the end of the year. The Loans are repayable on demand and interest is accrued at the prevailing Libor rate.

During the year, Plethora repaid part of its outstanding loan with Regent Pacific Group Limited totalling £3.46 million consisting of principal repayment of £3.2 million and interest accrued of £0.26 million.

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.

Interest rate risk

Interest was accrued on Regent Loans at prevailing LIBOR rate on drawdown date plus 5%.

17 FINANCIAL INSTRUMENTS (continued)

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	
	2017	2016	**2017**	2016
	£'000	£'000	**£'000**	£'000
Loans and other receivables	**250**	243	**28**	61

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

Current assets				
Trade and other receivables	**193**	87	**25**	60
Cash and cash equivalents	**57**	156	**4**	1
	250	243	**28**	61

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	
	2017	2016	**2017**	2016
	£'000	£'000	**£'000**	£'000
Financial liabilities at amortised cost	**2,815**	4,533	**2,659**	3,349
Financial liabilities at fair value through profit and loss	-	-	-	-
	2,815	4,533	**2,659**	3,349

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

	2017	2016	**2017**	2016
	£'000	£'000	**£'000**	£'000
Current liabilities				
Trade and other payables	**284**	1,597	**128**	413
Borrowings	**2,531**	2,936	**2,531**	2,936
	2,815	4,533	**2,659**	3,349

Trade and other payables are measured at amortised cost and borrowings are initially measured at their fair values and subsequently at amortised cost.

17 FINANCIAL INSTRUMENTS (continued)

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.

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 2017 and 2016.

	2017	2016
	£000	£000
Borrowings	2,531	2,936
Trade and other payables	284	1,613
Less: Cash and cash equivalents	(57)	(156)
Net debt	**2,758**	**4,393**
Total equity	**8,945**	**8,945**
Net debt to equity ratio	31%	49%

No change were made in the objectives, policies or processes for managing capital during the years ended 31 December 2017 and 2016.

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

	2017	2016
	£000	£000
Allotted, issued and fully paid		
894,497,686 (2016: 894,497,686) ordinary shares of 1 penny each	**8,945**	8,945

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

Issues in 2017
There were no share issues in 2017.

19 SHARE CAPITAL (continued)

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.

20 LEASING COMMITMENTS

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

	2017 Land and buildings £'000	2016 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**	
	2017	2016	**2017**	2016
	£'000	£'000	**£'000**	£'000
Culminant Capital Inc	-	4	-	-
Global Pharma Consulting	**183**	112	-	-
Henderson Baillieu Ltd	-	4	-	-
Jim Mellon	-	364	-	-
Regent Pacific Group Limited	-	13	**2,538**	-
Vital Luck Limited	-	37	-	-

During 2017, £nil (2016: £4,000) 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 2017, £183,000 (2016: £112,000) 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 2017, £nil (2016: £4,000) of fees paid to A Baillieu were paid to Henderson Baillieu Ltd for his service as non executive director. A Baillieu is a director of Henderson Baillieu Ltd.

During 2017, £nil (2016: £364,000) 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 2017, £nil (2016: £12,500) 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 £nil (2016: £37,500) 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 2017, Regent Pacific Group Limited, a Hong Kong listed company, registered in the Cayman Islands, was the company's controlling party.