

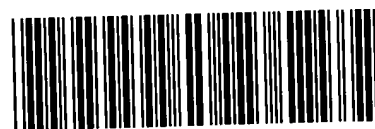
PLETHORA SOLUTIONS HOLDINGS PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2018

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PLETHORA SOLUTIONS HOLDINGS PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2018

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 2018

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PLETHORA SOLUTIONS HOLDINGS PLC

STRATEGIC REPORT

Highlights

- As announced on 13 February 2018, Recordati, the Group's European commercial partner, informed the Company on 12 February 2018 that Fortacin™ was officially launched, by way of first commercial sales from Recordati to wholesalers in Italy on 9 February 2018, with first Fortacin™ sales following in France and Spain on 16 and 19 February 2018, respectively, and thereafter in Germany and Portugal from March 2018.
- The first commercial sale of Fortacin™ took place on schedule in Italy, France, Spain, Germany and Portugal. A total of GBP 3.64 million (or approximately US\$4.63 million) was duly received by the Group from Recordati for the year ended 31 December 2018. This was without any withholding and the Group now looks forward to working towards receiving further payments under its licence agreement with Recordati, pursuant to which the Group is eligible to receive remaining payments of up to GBP 29.71 million (or approximately US\$37.79 million) plus royalties after hitting certain milestones.
- Subsequent to year-end, Recordati launched Fortacin™ in the United Kingdom in February 2019, with planned launches in Romania and Greece to follow later in 2019 and it will be rolled out in their other countries over the coming years.
- From a business development standpoint and as announced on 3 and 21 December 2018, respectively, exciting new out-licensing deals were also signed in respect of out-licensing Fortacin™ to: (i) Wanbang Pharmaceutical, a wholly controlled company of Shanghai Fosun Pharmaceutical (Group) Co., Ltd, in respect of the rights to commercialise Fortacin™ in The People's Republic of China, excluding Taiwan, Hong Kong Special Administrative Region ("HK") and Macau Special Administrative Region ("Macau"); and (ii) Orient EuroPharma, a company registered in Taiwan, in respect of the rights to commercialise Fortacin™ in select territories in Asia, being Taiwan, HK, Macau, Malaysia, Brunei, Singapore, Philippines, Thailand and Vietnam, but excluding The People's Republic of China. Pursuant to these licence agreements, the Group will be eligible to receive payments of up to: (i) US\$37 million, excluding royalties after hitting certain milestones related to the Wanbang Pharmaceutical roll-out; and (ii) US\$1.45 million excluding royalties after hitting certain milestones related to the Orient EuroPharma roll-out.
- As announced on 6 November 2018, the Group is pleased to report that on 4 November 2018 the Company was advised by its regulatory agent that it had successfully registered Fortacin™ in Hong Kong with the Hong Kong Department of Health-Drug Office. The Hong Kong registration will run for an initial period of 5 years expiring on 18 October 2023 and thereafter for periods of five years at a time on renewal. This registration, together with the import licence already obtained in Macau from the Macau Government-Health Bureau, will allow Fortacin™ to be sold, offered for sale and distributed in these regions by our partner Orient EuroPharma, which is expected in 2019.
- In parallel with the European and Asian roll-out efforts of Fortacin™, the Group has further progressed

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STRATEGIC REPORT

the approval process with The Food and Drug Administration of the United States (the "US") Department of Health and Human Services (the "FDA"). In this respect, the Phase II validation study of Fortacin™ required for the FDA approval process was officially registered on 6 July 2018, with patients being enrolled into the study from December 2018. Currently, there are 12 test centres open for recruitment of patients in the US, with eight more test centres to be opened for facilitating recruitment. The phase II clinical trial is estimated to complete by Q1 2020. On the assumption that the trial is sufficient to convince the FDA that the Premature Ejaculation Bothersome Evaluation Questionnaire (the "PEBEQ") serves as an appropriate measure for support of a label claim, pivotal Phase III work could commence in the Q1 2021, with New Drug Application ("NDA") submission possible in Q1 2022, giving a Prescription Drug User Fee Act (the "PDUFA") date in 2022. These dates are the most recent guidance received and update all previous estimates on the FDA process set out by the Company in its announcements, annual and interim reports and investor presentations but are ultimately dependent for example on the timing it takes to enrol patients in the trials, the feedback received from the FDA and time taken to address any issues that have been received from the FDA. Formal commencement of the Phase II validation study of Fortacin™ in the US in December 2018 was a critical and positive step towards making the NDA submission and ultimately achieving all necessary FDA and other US regulatory approvals needed to commercialise Fortacin™ in the US, its most significant potential market.

- The Group recorded Revenue of GBP 4.67 million (or approximately US\$6.24 million) made up of signature payment, milestone and royalty income from Recordati S.p.A. ("Recordati"), Wanbang Pharmaceutical Marketing and Distribution Co., Ltd. ("Wanbang Pharmaceutical") and Orient EuroPharma Co., Ltd ("Orient EuroPharma").
- For financial year ended 31 December 2018, Plethora made a profit of GBP 2.35 million (or approximately US\$3 million) (2017: GBP 1.68 million (or approximately US\$2.16 million)).

OPERATIONS UPDATE

Management's focus remains squarely on the commercialisation of Fortacin™. Recordati commenced the launch of Fortacin™ in Italy, France, and Spain in February 2018 and thereafter rolled out the launch of Fortacin™ in Portugal and Germany from March 2018. The Company received US\$4.71 million in signature payment, milestone and royalty income in 2018.

Recordati has informed the Company that the sales of Fortacin™ uptake was lower than expected for the period, with the key issue being the low number of premature ejaculation ("PE") patients seeking advice and visiting a specialist for treatment (with key reasons being given due to the embarrassment and lack of awareness about treatments available for PE). However, preliminary feedback from physicians from Italy, Germany, Spain, Portugal and France has been very positive about Fortacin™. The initial feedback from physicians is that Fortacin™ is perceived as something that fills a prescription need and it is a definite improvement of what is currently available in the market place (e.g. EMLA cream, a topical anaesthetic cream frequently prescribed for PE although off-label, and Priligy, an SSRI). Recordati reported that many physicians are willing to use Fortacin™ and in combination with an SSRI (declaring not for efficacy reasons, but to cope with the anxiety component of PE). In addition, the few collected patients' feedback were very

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positive as well, with the most frequently asked question is about how to use Fortacin™. However, a full picture of patients' feedback is not yet available. During the period, no efficacy or safety issues were reported to Recordati. Each launch country is undertaking various promotional activities to increase the awareness of patients that there is a new treatment for PE. In addition, Recordati is considering the opportunity to perform a new market research focused on patients (Italy could be a pilot country), in order to understand if PE patients are aware of the availability of Fortacin™, if and why they used (or not used) Fortacin™, and if and why they didn't purchase from a pharmacy despite having a prescription. Recordati is hopeful that the market research results could be useful to assist with their launch plan with the ultimate aim of driving underlying sales.

Regulatory Submissions

On 2 November 2017, Plethora received a favourable Commission Implementing Decision from the European Commission on the proposed transfer of the European Marketing Authorisation ("EU MA") of Fortacin™ to Recordati, from Plethora. After receipt of the European Commission ("EC") Decision, a six-month implementation period followed in which all responsibilities transferred from Plethora to Recordati as the new EU MA Holder.

Regulatory submissions to update the commercial manufacturing process and controls, with the aim of improving the process and ensure continuity of commercial supply were completed by Recordati during 2018.

Recordati completed submission of the renewal application in advance of the deadline of 19 February 2018, 9 months prior to the 5-year anniversary of the date of notification of the EC decision granting the original marketing authorisation ("MA"). The assessment of the renewal application completed with a favourable opinion from the European Medicine Agency (EMA) Committee for Medicinal Products for Human Use ("CHMP") in July 2018, concluding that the overall benefit/risk profile of the product remains positive. The final procedural step will be an EC Decision endorsing the favourable opinion issued by CHMP and resulting in an extension in validity of the MA.

Marketing Authorisation in Hong Kong and Macau

The Group has received approval from the Hong Kong Department of Health-Drug Office and the Macau Government-Health Bureau for an import licence to allow for the sale of Fortacin™ in Hong Kong and Macau. It is expected that the Company's partner, Orient EuroPharma will commence its sales activities in 2019.

Update on Commercial Partners in the PRC and Other Key Markets

As previously announced, the Company completed two new 'out-licensing' deals in respect of Fortacin™ with: (i) Wanbang Pharmaceutical, a wholly controlled company of Shanghai Fosun Pharmaceutical (Group) Co., Ltd., in respect of the rights to commercialise Fortacin™ in The People's Republic of China, excluding Taiwan, HK and Macau; and (ii) Orient EuroPharma, a company registered in Taiwan, in respect

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STRATEGIC REPORT

of the rights to commercialise Fortacin™ in select territories in Asia, being Taiwan, HK, Macau, Malaysia, Brunei, Singapore, Philippines, Thailand and Vietnam, but excluding The People's Republic of China. Pursuant to these licence agreements, the Group will be eligible to receive payments of up to: (i) GBP 29.91 million (or approximately US\$37 million), excluding royalties after hitting certain milestones related to the Wanbang Pharmaceutical roll-out; and (ii) GBP 1.15million (or approximately US\$1.45 million) excluding royalties after hitting certain milestones related to the Orient EuroPharma roll-out.

The Company is in discussions with our commercial strategic partners for the Middle East, North America and Latin America (LATAM) region. However, it is not possible to determine with accuracy the timing of completion of such agreements, and no assurance can be given that negotiations will lead to a binding licencing agreement(s) in the aforementioned jurisdictions or at all. Plethora will continue to work closely and diligently with its commercial partners and will keep shareholders, potential investors informed of any new developments as, and when they occur.

Update on New Drug Application with FDA in the US

Plethora continues to make positive progress with the FDA on its NDA for Fortacin™ with the Phase II validation study of Fortacin™ in respect of the FDA approval process being officially registered on 6 July 2018. Recruitment of subjects (100) for the trial commenced in December 2018, with the study estimated to complete by Q1 2020.

The study is being conducted to test the effect of Fortacin™ (the study medication) compared to placebo in subjects with PE. Fortacin™ is a topical (applied to skin) anaesthetic spray containing a mixture of two drugs called lidocaine and prilocaine that will be applied to the penis. Half of the subjects will receive Fortacin™ and half will receive placebo. The study will also measure the effect of Fortacin™ on the Intravaginal Ejaculatory Latency Time (IELT).

On the assumption that the trial is sufficient to convince the FDA that the PEBEQ serves as an appropriate measure for support of a label claim, a pivotal Phase III work could commence in Q1 2021, with NDA submission possible in Q1 2022, giving a PDUFA date in 2022. These dates update all previous dates given by the Company in its announcements, annual and interim reports and investor presentations.

Formal registration of the Phase II validation study of Fortacin™ in the US is a critical and positive step towards making the NDA submission and ultimately achieving all necessary FDA and other US regulatory approvals needed to commercialise Fortacin™ in the US, its most significant potential market.

Trading Update for the financial year ended 31 December 2018

Plethora recorded an operating profit of GBP 2.35 million (or approximately US\$3.13 million) for the financial year ended 31 December 2018 (2017: GBP 1.68 million (or approximately US\$2.16 million)).

The operating profit for the financial year ended 31 December 2018, included the signature payment,

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milestone and royalty income of GBP 4.67 million (or approximately US\$6.24 million) (2017: GBP 4.09 million (or approximately US\$5.27 million)) which being offset somewhat by: (i) R&D costs related to the regulatory and commercial manufacturing scale up activities of Fortacin™ of GBP 1.76 million (or approximately US\$2.35 million) (2017: GBP 1.91 million (or approximately US\$2.46 million)) and (ii) administrative expenses of GBP 0.53 million (or approximately US\$0.90 million) (2017: GBP 0.40 million (or approximately US\$0.53 million)).

Underlying R&D costs and administrative expenses for the financial year ended 31 December 2018 were broadly lower than the Board's expectations as the costs for clinical work for the US NDA were delayed. R&D costs were driven by the development and commercial manufacturing scale up activities with the Company's manufacturing partner. Manufacturing set up costs are expected to fall significantly following the year ended 31 December 2018, but the overall level of R&D expenditure is expected to increase significantly as the FDA approval process begins to gather pace over the next three years.

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 2018. As at 31 December 2018 Plethora had cash resources of GBP0.72 million (31 December 2017: GBP 57,000), with ongoing financial support being provided by the Group.

Outlook

Our strategy remains the same, in that we are devoting our efforts with Recordati to a successful commercial launch in Europe and the UK, 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, the Middle East 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 because 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.

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Patent rights that expired in 2016 protect the Group's intellectual property rights in relation to Fortacin™ in the European Union. 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 £4.67 million during the year from the licencing and commercialisation of Fortacin™ in Europe and Asia. The Group had a cash balance of £716,000 as at 31 December 2018 and net liabilities of £186,000.

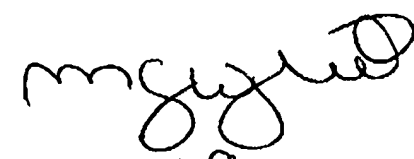
The Group has no bank debt or any other senior debt facilities, other than its loan facilities from Regent Pacific Group Limited. The Directors have prepared detailed cash flow forecasts through to the end of the 2019 that show that the Group with the financial support of its parent company, Regent Pacific 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 near future.

Approved by the board and signed on its behalf by

Mike Wyllie
Chief Scientific Officer

Date


26-06-19

PLETHORA SOLUTIONS HOLDINGS PLC

DIRECTORS' REPORT

The Directors present their annual report together with the audited consolidated and parent company financial statements for the year ended 31 December 2018.

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 £2,346,000 (2017: £1,682,000).

The Directors do not recommend the payment of a dividend (2017: £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.

The Group's financial risk management policies are disclosed in Note 16 of the financial statements.

Directors

The Directors of the Company who served during the year ended 31 December 2018 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 18 to the financial statements. The Group's policy for managing capital and financing to support the activities of the Group is detailed in Note 17 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.

PLETHORA SOLUTIONS HOLDINGS PLC

DIRECTORS' REPORT

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; and
- 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


26-06-19

PLETHORA SOLUTIONS HOLDINGS PLC

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

Opinion

We have audited the financial statements of Plethora Solutions Holdings Plc ("the Parent Company") and its subsidiaries ("the Group") for the year ended 31 December 2018 which comprise Consolidated statement of comprehensive income, Consolidated balance sheet, Company balance sheet, Consolidated statement of changes in equity, Company statement of changes in equity, Group and company cashflow statements, Notes to the consolidated financial statements and the 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 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 of the Parent Company's affairs as at 31 December 2018 and of the Group's profit and the Parent Company's loss for the year then ended;
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- the financial statements 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 Group and the Parent 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 Group or Parent's 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 Directors 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

PLETHORA SOLUTIONS HOLDINGS PLC

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

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.

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 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 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 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.

Responsibilities of Directors

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, 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 Group's and the Parent 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 Group or the Parent 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.

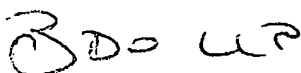
PLETHORA SOLUTIONS HOLDINGS PLC

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

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.

Use of our report

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



James Fearon (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Gatwick, West Sussex
Date: 28 June 2019

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**

As at 31 December 2018

	Note	Group 2018 £'000	2017 £'000
Revenue	4	4,670	4,091
Operating Costs:			
- research and development expenses		(1,755)	(1,905)
- general and administrative expenses		(532)	(398)
Total Net Operating Costs		(2,287)	(2,303)
Operating profit	5	2,383	1,788
Finance costs	7	(37)	(245)
Finance income	7	-	-
Profit from continuing operations for the year before taxation		2,346	1,543
Income tax credit	8	-	139
Profit from continuing operations for the year after taxation		2,346	1,682
Profit for the year and total comprehensive expense attributable to the owners of the parent		2,346	1,682

PLETHORA SOLUTIONS HOLDINGS PLC**CONSOLIDATED BALANCE SHEET**

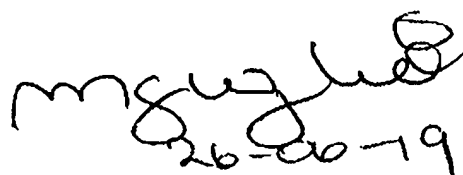
As at 31 December 2018

	Note	31 December 2018 £'000	31 December 2017 £'000
ASSETS			
Non-current			
Property, plant and equipment	9	<u>14</u>	<u>33</u>
Current			
Inventories		-	-
Trade and other receivables	11	394	193
Cash and cash equivalents	12	<u>716</u>	<u>57</u>
		<u>1,110</u>	<u>250</u>
Total assets		<u>1,124</u>	<u>283</u>
LIABILITIES			
Current			
Trade and other payables	14	(856)	(284)
Borrowings	15	(454)	(2,531)
		<u>(1,310)</u>	<u>(2,815)</u>
Total liabilities		<u>(1,310)</u>	<u>(2,815)</u>
Net liabilities		<u>(186)</u>	<u>(2,532)</u>
EQUITY			
Share capital	18	8,945	8,945
Share premium		48,277	48,277
Other reserves		9,102	9,102
Accumulated losses		(66,510)	(68,856)
Total equity		<u>(186)</u>	<u>(2,532)</u>

The accompanying accounting policies and notes on pages 18 to 39 form an integral part of these financial statements.

The financial statements on pages 12 to 17 were approved by the Board of Directors on 26 June 2019 and are signed on its behalf by:

Mike Wylie
Director



Registered number: 05341336

PLETHORA SOLUTIONS HOLDINGS PLC

COMPANY BALANCE SHEET

As at 31 December 2018

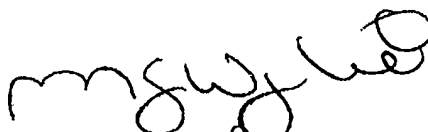
	Note	31 December 2018 £'000	31 December 2017 £'000
ASSETS			
Non-current			
Investments	10	-	-
Current			
Trade and other receivables	11	33	25
Cash and cash equivalents	12	1	4
		<u>34</u>	<u>29</u>
Total assets		<u>34</u>	<u>29</u>
LIABILITIES			
Current			
Trade and other payables	14	(3,886)	(1,353)
Borrowings	15	(454)	(2,531)
		<u>(4,340)</u>	<u>(3,884)</u>
Total liabilities		<u>(4,340)</u>	<u>(3,884)</u>
Net liabilities		<u>(4,306)</u>	<u>(3,855)</u>
EQUITY			
Share capital	18	8,945	8,945
Share premium		48,277	48,277
Other Merger Reserves		4,194	4,194
Accumulated losses		(65,722)	(65,271)
Total equity		<u>(4,306)</u>	<u>(3,855)</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 £451,000 (2017: £567,000).

The accompanying accounting policies and notes on pages 18 to 39 form an integral part of these financial statements.

The financial statements on pages 12 to 17 were approved by the Board of Directors on 26 June 2019 and are signed on its behalf by:

Mike Wyllie
Director



26-06-19.

Registered number: 05341336

PLETHORA SOLUTIONS HOLDINGS PLC**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the year ended 31 December 2018

	Share capital	Share premium	Other reserves	Accumulated Losses	Total equity
	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2017	8,945	48,277	9,102	(70,538)	(4,214)
Profit and total comprehensive profit for the year	-	-	-	1,682	1,682
Balance at 31 December 2017	8,945	48,277	9,102	(68,856)	(2,532)
Profit and total comprehensive profit for the year	-	-	-	2,346	2,346
Balance at 31 December 2018	8,945	48,277	9,102	(66,510)	(186)

PLETHORA SOLUTIONS HOLDINGS PLC**COMPANY STATEMENT OF CHANGES IN EQUITY**

For the year ended 31 December 2018

	Share capital	Share premium	Other reserves	Accumulated Losses	Total equity
	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2017	8,945	48,277	4,194	(64,704)	(3,288)
Loss and total comprehensive expense for the year	-	-	-	(567)	(567)
Balance at 31 December 2017	8,945	48,277	4,194	(65,271)	(3,855)
Loss and total comprehensive expense for the year	-	-	-	(451)	(451)
Balance at 31 December 2018	8,945	48,277	4,194	(65,722)	(4,306)

PLETHORA SOLUTIONS HOLDINGS PLC

GROUP AND COMPANY CASH FLOW STATEMENTS

For the year ended 31 December 2018

	Note	Group		Company	
		2018 £'000	2017 £'000	2018 £'000	2017 £'000
Cash flows from operating activities					
Profit/(loss before taxation)		2,346	1,543	(451)	(567)
Finance costs	7	37	245	34	242
Depreciation of property, plant and equipment	9	19	18	-	-
Change in Inventory		-	47	-	-
Change in trade and other receivables		(201)	(106)	(8)	35
Change in trade and other payables		572	(1,329)	2,533	940
Total cash utilised by operations		2,773	418	2,108	650
Interest paid		(130)	(268)	(127)	(265)
Income taxes paid		-	139	-	-
Net cash inflow from operating activities		2,643	289	1,981	385
Cash flows from investing activities					
Interest received		-	-	-	-
Purchase of plant and equipment		-	(6)	-	-
Net cash outflow from investing activities		-	(6)	-	-
Cash flows from financing activities					
Proceeds from Issue of shares		-	-	-	-
Repayment of Regent Loans		(2,588)	(3,205)	(2,588)	(3,205)
Proceeds from Regent Loans		604	2,823	604	2,823
Net cash outflow from financing activities		(1,984)	(382)	(1,984)	(382)
Increase (Decrease) in cash and cash equivalents		659	(99)	(3)	3
Cash and cash equivalents at the beginning of year		57	156	4	1
Cash and cash equivalents at end of year		716	57	1	4

PLETHORA SOLUTIONS HOLDINGS PLC

NOTES TO THE FINANCIAL STATEMENTS

For year ended 31 December 2018

3 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.

4 EFFECTS OF CHANGES IN ACCOUNTING POLICIES

2.1) New standards, interpretations and amendments effective from 1 January 2018

New standards impacting the Group that have been adopted in the annual financial statements for the year ended 31 December 2018, and which have given rise to changes in the Group's accounting policies are:

- IFRS 9 *Financial Instruments* (IFRS 9); and
- IFRS 15 *Revenue from Contracts with Customers* (IFRS 15)

The nature of the adjustments resulting from the adoption of IFRS 15 *Revenue from Contracts with Customers* and IFRS 9 *Financial Instruments* are described below. Other new and amended standards and interpretations issued by the IASB that will apply for the first time in the next annual financial statements are not expected to impact the Group as they are either not relevant to the Group's activities or require accounting which is consistent with the Group's current accounting policies.

IFRS 9 *Financial Instruments* (IFRS 9)

(i) Classification and measurement of financial instruments

IFRS 9 replaces IAS 39 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: (1) classification and measurement; (2) impairment; and (3) hedge accounting. The adoption of IFRS 9 from 1 January 2018 has resulted in changes in accounting policies of the Group and the amounts recognised in the consolidated financial statements.

The transition to IFRS 9 had no impact to the opening balances of the financial assets and liabilities of the Group at 1 January 2018.

IFRS 9 basically retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity financial assets, loans and receivables and AFS financial assets. The adoption of IFRS 9 has no material impact on the Group's accounting policies related to financial liabilities. The impact of IFRS 9 on the Group's classification and measurement of financial assets is set out below.

Under IFRS 9, except for certain trade receivables (that the trade receivables do not contain a significant financing component in accordance with IFRS 15), an entity shall, at initial recognition, measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. A financial asset is classified as: (i) financial assets at amortised cost ("FAAC"); (ii) financial assets at fair value through other comprehensive income ("FAFVOCI"); or (iii) financial assets at fair value through profit or loss ("FAFVPL"). The classification of financial assets under IFRS 9 is generally based on two criteria: (i) the business model under which the financial asset is managed; and (ii) its contractual cash flow characteristics (the "solely payments of principal and interest" criterion, also known as "SPPI criterion"). Under IFRS 9,

PLETHORA SOLUTIONS HOLDINGS PLC

NOTES TO THE FINANCIAL STATEMENTS

For year ended 31 December 2018

2 EFFECTS OF CHANGES IN ACCOUNTING POLICIES - CONTINUED

embedded derivatives are no longer required to be separated from a host financial asset. Instead, the hybrid financial instrument is assessed as a whole for the classification.

A financial asset is measured at amortised cost if both of the following conditions are met and it has not been designated as at FAFVPL:

- It is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criterion.

On initial recognition of an equity investment that is not held for trading, the Group could irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. All other financial assets not classified at amortised cost or FAFVOCI as described above are classified as FAFVPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or FAFVOCI or FAFVPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The following accounting policies would be applied to the Group's financial assets including trade receivables, deposits and other receivables, and cash and bank balances as follows:

FAFVPL	FAFVPL is subsequently measured at fair value. Changes in fair value, dividends and interest income are recognised in profit or loss.
FAAC	Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.
FAFVOCI (equity investments)	Equity investments at fair value through other comprehensive income are measured at fair value. Dividend income are recognised in profit or loss unless the dividend income clearly represents a recovery of part of the cost of the investments. Other net gains and losses are recognised in other comprehensive income and are not reclassified to profit or loss.

The Group did not designate or de-designate any financial asset or financial liability at fair value through profit or loss ("FVTPL") at 1 January 2018.

The following table summarises the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Group's financial assets as at 1 January 2018:

Financial assets	Original classification under IAS 39	New classification under IFRS 9	Carrying amount as at 1 January 2018 under IAS 39	Carrying amount as at 1 January 2018 under IFRS 9
			£'000	£'000
Deposits and other receivables	Loans and receivables	FAAC	193	193
Cash and bank balances	Loans and receivables	FAAC	57	57

PLETHORA SOLUTIONS HOLDINGS PLC

NOTES TO THE FINANCIAL STATEMENTS

For year ended 31 December 2018

2 EFFECTS OF CHANGES IN ACCOUNTING POLICIES - CONTINUED

As at 1 January 2018, the Group had Cash and receivables classified as loan and receivables measured at FAAC. There was no change to value of these financial assets with the introduction of the new standards.

(II) Impairment of financial assets

The adoption of IFRS 9 has changed the Group's impairment model by replacing the IAS 39 "incurred loss model" to the "expected credit loss ("ECL") model". IFRS 9 requires the Group to recognise the ECLs for trade receivables, deposits and other receivables, earlier than IAS 39. Cash and bank balances are subject to the ECL model but the impairment is immaterial for the current period.

Under IFRS 9, the loss allowances are measured on either of the following bases: (1) 12-month ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date; and (2) lifetime ECLs: these are the ECLs that result from all possible default events over the expected life of a financial instrument.

Measurement of ECLs

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group has elected to measure loss allowances for trade receivables using IFRS 9 simplified approach and has calculated the ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Management has closely monitored the credit qualities and the collectability of the trade receivables. The adoption of the simplified approach under IFRS 9 has not resulted in any material impact on trade receivables as at 1 January 2018.

For other financial assets carried at amortised cost, the ECL is measured as either 12-month ECLs or lifetime ECLs, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, impairment is measured as lifetime ECLs. The Group has considered that there has not been a significant increase in credit risk of such financial assets since initial recognition as at 1 January 2018 and therefore the ECL is based on the 12-month ECL. Management has closely monitored the credit qualities and the collectability of the other financial assets at amortised cost and consider that the ECL is immaterial.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when: (1) the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (2) the financial asset is more than 90 days past due.

The maximum period considered when estimating the ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Presentation of ECLs

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

PLETHORA SOLUTIONS HOLDINGS PLC

NOTES TO THE FINANCIAL STATEMENTS

For year ended 31 December 2018

2 EFFECTS OF CHANGES IN ACCOUNTING POLICIES - CONTINUED

(iii) Hedge accounting

Hedge accounting under IFRS 9 has no impact on the Group as the Group does not apply hedge accounting in its hedging relationships.

(iv) Transition

The Group has applied the transitional provision in IFRS 9 such that IFRS 9 was generally adopted without restating comparative information. The reclassifications and the adjustments arising from the new ECLs rules are therefore not reflected in the statement of financial position as at 31 December 2017, but are recognised in the statement of financial position on 1 January 2018. This means that differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognised in accumulated losses and reserves as at 1 January 2018. Accordingly, the information presented for 2017 does not reflect the requirements of IFRS 9 but rather those of IAS 39.

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application of IFRS 9 (the "DIA"):

- The determination of the business model within which a financial asset is held;
- The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at fair value through profit or loss; and
- The designation of certain investments in equity investments not held for trading as at FAFVOCI.

If an investment in a debt investment had low credit risk at the DIA, the Group has assumed that the credit risk on the asset had not increased significantly since its initial recognition.

IFRS 15 Revenue from Contracts with Customers (IFRS 15)

IFRS 15 has replaced IAS 18 *Revenue* (IAS 18) and IAS 11 *Construction Contracts* as well as various interpretations. IFRS 15 has established a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at the amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Group has adopted IFRS 15 from 1 January 2018 which resulted in changes in accounting policies as disclosed in note 3 to the financial statements. In accordance with the transition provisions in IFRS 15, the Group has adopted the new rules retrospectively. The Group assessed the impact of adopting IFRS 15 on its financial statements. Based on the assessment, the adoption of IFRS 15 has no significant impact on the Group's previous accounting policies in relation to the recognition of milestone income, royalty income and interest income under IAS 18. Accordingly, there is no material impact of transition to IFRS 15 on accumulated losses and the related tax as at 1 January 2018.

2.2) New Standards, Interpretations and Amendments Not Yet Effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the group has decided not to adopt early. The most significant of these is:

- IFRS 16 *Leases* (mandatorily effective for periods beginning on or after 1 January 2019)
- IFRIC 23 *Uncertainty over Income Tax Positions* (effective 1 January 2019).

PLETHORA SOLUTIONS HOLDINGS PLC

NOTES TO THE FINANCIAL STATEMENTS

For year ended 31 December 2018

2 EFFECTS OF CHANGES IN ACCOUNTING POLICIES - CONTINUED

IFRS 16 Leases

IFRS 16, which upon the effective date will supersede IAS 17 "Leases" and related interpretations, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under IFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, IAS 17.

In respect of the lessor accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

Total operating lease commitments of the Group in respect of leased premises as at 31 December 2018 amounted to £10,000 and was for a period of 12 months. Upon the adoption of IFRS 16, the Directors of the Company intend to elect to treat the lease as a short-term lease exemption and will not recognise a lease liability or right-of-use asset on its balance sheet. Accordingly, the Directors of the Company consider the adoption of IFRS 16, as compared with the current accounting policy, would not result in significant impact on the Group's financial performance and financial position.

IFRIC 23 Uncertainty over Income Tax Positions

The interpretation supports the requirements of IAS 12, Income Taxes, by providing guidance over how to reflect the effects of uncertainty in accounting for income taxes. Under the interpretation, the entity shall determine whether to consider each uncertain tax treatment separately or together based on which approach better predicts the resolution of the uncertainty. The entity shall also assume the tax authority will examine amounts that it has a right to examine and have full knowledge of all related information when making those examinations. If the entity determines it is probable that the tax authority will accept an uncertain tax treatment, the entity should measure current and deferred tax in line with its tax filings. If the entity determines it is not probable, then the uncertainty in the determination of tax is reflected using either the "most likely amount" or the "expected value" approach, whichever better predicts the resolution of the uncertainty.

The initial adoption of the interpretation would not have any significant impact on the Group's financial performance and financial position.

PLETHORA SOLUTIONS HOLDINGS PLC

NOTES TO THE FINANCIAL STATEMENTS

For year ended 31 December 2018

3 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 £ 451,000 (2017: £567,000 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.

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 £4.67 million during the year and had a cash balance of £716,000 as at 31 December 2018 and net liabilities of £186,000.

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 near future.

PLETHORA SOLUTIONS HOLDINGS PLC

NOTES TO THE FINANCIAL STATEMENTS

For year ended 31 December 2018

3 ACCOUNTING POLICIES – CONTINUED

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.

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.

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.

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.

PLETHORA SOLUTIONS HOLDINGS PLC

NOTES TO THE FINANCIAL STATEMENTS

For year ended 31 December 2018

3 ACCOUNTING POLICIES – CONTINUED

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 company classifies its financial assets into the category discussed below, based on the purpose for which the asset was acquired. The company's accounting policy is as follows:

Amortised cost

These assets arise principally from the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions for current and non-current trade receivables are recognised based on the simplified approach within IFRS 9 using a single loss rate approach in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within administrative expenses in the statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

The company's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Cash and cash equivalents includes cash in hand, deposits held at call with banks, and other short term highly liquid investments with original maturities of three months or less.

Financial liabilities

The company classifies its financial liabilities into the following category, based on the purpose for which the liability was acquired.

The company's accounting policy is as follows:

Other financial liabilities

Other financial liabilities include the following items:

Borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

PLETHORA SOLUTIONS HOLDINGS PLC

NOTES TO THE FINANCIAL STATEMENTS

For year ended 31 December 2018

3 ACCOUNTING POLICIES – CONTINUED

Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

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.

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.

PLETHORA SOLUTIONS HOLDINGS PLC

NOTES TO THE FINANCIAL STATEMENTS

For year ended 31 December 2018

3 ACCOUNTING POLICIES – CONTINUED

Revenue recognition

Performance obligations and timing of revenue recognition

The company's revenue is derived from the licencing of the right to develop, market, sell and distribute their intellectual property. Individual performance obligations are specified in each licencing agreement and based on the nature of the obligation revenue is recognised at a point in time when the performance obligation is met.

Determining the transaction price

Most of the company's revenue is derived from signature upfront payments, royalties or commercial or development milestones. The licencing agreements specify the revenue for each of these transactions and therefore the amount of revenue to be earned from each contract is determined by reference to those agreements.

Allocating amounts to performance obligations

The licencing agreement specifies each performance obligation and the amount of revenue associated with it. These licencing agreements are negotiated on an arm's length basis between willing parties.

Practical Exemptions

The company has taken advantage of the practical exemptions:

- not to account for significant financing components where the time difference between receiving consideration and transferring control of services to its customer is one year or less; and
- expense the incremental costs of obtaining a contract when the amortisation period of the asset otherwise recognised would have been one year or less.

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 2018

3 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.

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.

PLETHORA SOLUTIONS HOLDINGS PLC

NOTES TO THE FINANCIAL STATEMENTS

For year ended 31 December 2018

3 ACCOUNTING POLICIES – CONTINUED

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.

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 satisfaction of the performance obligation is subject to certain;
- the capitalisation of development costs – this involves an assessment of whether the criteria required to be met to capitalise rather than expense these costs have been met;
- the recognition of a deferred tax asset based on estimates of future profitability

The reasons that the Directors believe it is appropriate to prepare the financial statements on a going concern basis are detailed on page 23.

In calculating the fair value of the restructured debts in note 17, management used information from analysts' reports on the business to determine the discount rates.

There are no other major areas of estimation.

4 REVENUE

The Group received revenues during the year of £4.67 million (2017: £4.09 million). This turnover was derived from the following markets

	2018 £'000	2017 £'000
United Kingdom	-	-
Rest of Europe	4,670	4,091
	<u>4,670</u>	<u>4,091</u>

Revenue of the Group consists of signature payment, milestone and royalty income, and other income. An analysis of the Group's revenue for the year is as follows:

	2018 £'000	2017 £'000
Signature payment	1,021	-
Milestone and royalty income	3,649	4,091
	<u>4,670</u>	<u>4,091</u>

PLETHORA SOLUTIONS HOLDINGS PLC

NOTES TO THE FINANCIAL STATEMENTS

For year ended 31 December 2018

4 REVENUE - CONTINUED

The Group's revenues from external customers is divided into the following geographical areas:

	2018 £'000	2017 £'000
Republic of Ireland	3,649	4,091
Taiwan	784	-
The People's Republic of China (the "PRC")	237	-
	<u>4,670</u>	<u>4,091</u>

Disaggregation of revenue

Disaggregation of the Group's revenue and timing of revenue recognition are as follows:

Timing of revenue recognition	2018 £'000	2017 £'000
<i>At a point in time</i>		
Signature payment	1,021	-
Milestone and royalty income	3,649	4,091
	<u>4,670</u>	<u>4,091</u>

The Group has applied the practical expedient under IFRS 15 for not disclosing an estimate of the transaction price which would not include any estimated amounts of variable consideration that are constrained.

Revenue from customers of the Group's contributing 10% or more of the Group's revenue is as follows:

	2018 £'000	2017 £'000
Customer A	3,649	4,091
Customer B	784	-
	<u>4,433</u>	<u>4,091</u>

Trade receivables are included within Trade and other receivables on the face of the statement of financial position. Refer to note 11 for details of trade receivables balances. There are no other contract assets or contract liabilities.

There are no outstanding performance obligations.

5 OPERATING LOSS

The operating loss is stated after charging:

	2018 £'000	2017 £'000
Auditors' remuneration:		
- Company	26	33
Other services:		
- audit of subsidiary undertakings	9	9
- other non-audit services	3	5
Foreign Exchange loss	103	14
Operating lease charges:		
Land and buildings	10	10
Depreciation:		
Property, plant and equipment – owned	<u>19</u>	<u>18</u>

PLETHORA SOLUTIONS HOLDINGS PLC

NOTES TO THE FINANCIAL STATEMENTS

For year ended 31 December 2018

6 DIRECTORS AND EMPLOYEES

	2018 Number	2017 Number
The average monthly number of persons (including Directors) employed by the Group during the year was:		
Administration and management staff	3	3
Staff costs during the year were as follows:	2018 £'000	2017 £'000
Wages and salaries including termination benefits	317	314
Social security costs	12	(16)
Share based compensation	-	-
	<u>329</u>	<u>298</u>

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

	2018 £'000	2017 £'000
Salaries, bonus and fees	205	196
Share based compensation	-	-
	<u>205</u>	<u>196</u>

Emoluments of the highest paid directors were £205,000 (2017: £183,000). The directors are considered to be key management personnel.

7 FINANCE COSTS AND INCOME

	2018 £'000	2017 £'000
Effective interest charge on borrowings	(37)	(245)
Fair value loss on revaluation of loan warrants	-	-
Finance costs from continuing activities	<u>(37)</u>	<u>(245)</u>
Bank interest receivable	-	-
Finance income from continuing activities	<u>-</u>	<u>-</u>

8 INCOME TAX

The tax credit/ (charge) is based on the profit for the year and represents:

	2018 £'000	2017 £'000
UK corporation tax:		
Adjustments in respect of prior years for R&D credits	102	139
Current tax credit	102	139
Withholding tax charge	(102)	-
Deferred taxation (note 13)	-	-
Tax on result on continuing operations	<u>-</u>	<u>139</u>

PLETHORA SOLUTIONS HOLDINGS PLC

NOTES TO THE FINANCIAL STATEMENTS

For year ended 31 December 2018

8 INCOME TAX - CONTINUED

The tax assessed differs from the effective rate of corporation tax in the UK of 19 % (2017: 19.25%). The differences are explained as follows:

	2018 £'000	2017 £'000
Loss for the year from continuing operations before taxation	<u>2,346</u>	<u>1,543</u>
Loss for the year from continuing operations multiplied by the effective rate of corporation tax during the year in the UK of 19 % (2017: 19.25%)	446	297
Effect of:		
Expenses not deductible for tax purposes	-	-
Patent Box Deductions	-	-
Depreciation in excess of capital allowances	6	3
Utilisation of tax losses	(452)	(300)
Carry forward of unutilised tax losses	-	-
Adjustments in respect of prior year for R&D credits	<u>102</u>	<u>139</u>
	<u>102</u>	<u>139</u>

At 31 December 2018 the Group and Company had tax losses of £52,069,690 (2017: £54,448,343) and £18,166,074 (2017: £17,714,902) respectively to offset against future profits within the United Kingdom.

During the year, the standard rate of Corporation tax in the UK was 19%. Accordingly, the Group's losses for this accounting year are taxed at an effective rate of 19%.

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 13 for further details.

9 PROPERTY, PLANT AND EQUIPMENT - GROUP

	Fixtures, Fittings, Computers and Equipment £'000
Cost	
At 1 January 2017	85
Additions	<u>6</u>
At 31 December 2017	91
Additions	<u>-</u>
At 31 December 2018	<u>91</u>
Accumulated depreciation	
At 1 January 2017	40
Charge for the year	<u>18</u>
At 31 December 2017	58
Charge for the year	<u>19</u>
At 31 December 2018	<u>77</u>
Net book value	
At 31 December 2017	<u>33</u>
At 31 December 2018	<u>14</u>

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 2018

10 INVESTMENTS

Company

	Subsidiary Undertakings £'000
Cost	
At 1 January 2017	81,500
Additions	-
At 31 December 2017	81,500
Additions	-
At 31 December 2018	81,500
Accumulated Impairment	
At 1 January 2017	(81,500)
Impairment charge	-
At 31 December 2017	(81,500)
Impairment charge	-
At 31 December 2018	(81,500)
Net book value	
At 31 December 2018	-
At 31 December 2017	-

At 31 December 2018 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

11 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Trade receivables	214	-	-	-
Other receivables	126	164	7	-
Prepayments and accrued income	54	29	26	25
Total	394	193	33	25

There were trade receivables of £214,000 at the year end (2017: £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.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables. To measure expected credit losses on a collective basis, trade receivables are grouped based on similar credit risk and aging.

PLETHORA SOLUTIONS HOLDINGS PLC

NOTES TO THE FINANCIAL STATEMENTS

For year ended 31 December 2018

11 TRADE AND OTHER RECEIVABLES - CONTINUED

The expected loss rates are based on the Group's historical credit losses experienced over the three year period prior to the period end. The historical loss rates are then adjusted for current and forward-looking information on factors affecting the Group's customers.

Based on historical credit losses and current and forward-looking information the group has determined the expected credit loss to be less than 1%, and accordingly no impairment has been recognised.

There has been no significant increase in credit risk since initial recognition.

12 CASH AND CASH EQUIVALENTS

	Group		Company	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Cash and cash equivalents	<u>716</u>	<u>57</u>	<u>1</u>	<u>4</u>

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

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 DEFERRED TAXATION

At 31 December 2018, the Group and Company had an unrecognised deferred tax asset relating to losses carried forward of £9,370,612 (2017: £10,481,306) and £3,269,893 (2017: £3,410,119) respectively. 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 the timing of that future taxable profit against which they can be realised is uncertain. Deferred tax balance has been calculated at 18% (2017: 19.25%).

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

PLETHORA SOLUTIONS HOLDINGS PLC

NOTES TO THE FINANCIAL STATEMENTS

For year ended 31 December 2018

14 TRADE AND OTHER PAYABLES

	Group		Company	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Less than 3 months				
Trade and other payables	763	142	108	12
Social security and other taxes	16	19	11	12
Accrued expenses	77	73	60	54
Between 3 and 12 months				
Amounts owed to group undertakings	-	-	3,707	1,225
Accrued expenses	-	50	-	50
	856	284	3,886	1,353

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.

15 BORROWINGS – GROUP AND COMPANY

	2018	2017
	£'000	£'000
Current borrowings		
Regent Bridge Loan	454	2,438
Interest on Regent Loan	-	93
Total Borrowings	454	2,531

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

	2018	2017
	£'000	£'000
Within one year:		
Regent Pacific Loan	454	2,438
	454	2,438

During 2018, Regent Pacific Group Limited provided additional working capital by way of bridging loan facilities of which £0.15 million (2017: £2.8 million) and intercompany payments of £0.45 million. The loans and intercompany payments are repayable on demand.

During the year, Plethora repaid all its outstanding loans with Regent Pacific Group Limited totalling £2.71 million (2017: £3.46 million) consisting of principal repayment of £2.58 million (2017: £3.2 million) and interest accrued of £0.13 million (2017: £0.26 million).

PLETHORA SOLUTIONS HOLDINGS PLC

NOTES TO THE FINANCIAL STATEMENTS

For year ended 31 December 2018

16 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%.

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 Group has applied IFRS 9 but has elected not to restate comparative information. Accordingly, the comparative financial information provided continues to be accounted for in accordance with the Group's previous accounting policy.

Financial assets

The company classifies its financial assets into the category discussed below, based on the purpose for which the asset was acquired. The company's accounting policy is as follows:

Amortised cost

These assets arise principally from the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment

Impairment provisions for current and non-current trade receivables are recognised based on the simplified approach within IFRS 9 using a single loss rate approach in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within administrative expenses in the statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

PLETHORA SOLUTIONS HOLDINGS PLC

NOTES TO THE FINANCIAL STATEMENTS

For year ended 31 December 2018

16 FINANCIAL INSTRUMENTS - CONTINUED

The IFRS 9 categories of financial assets included in the balance sheet and the headings in which they are included are as follows:

	Group		Company	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Loans and other receivables	<u>1,110</u>	<u>250</u>	<u>34</u>	<u>28</u>

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

Current assets

Trade and other receivables	<u>394</u>	<u>193</u>	<u>33</u>	<u>24</u>
Cash and cash equivalents	<u>716</u>	<u>57</u>	<u>1</u>	<u>4</u>
	<u>1,110</u>	<u>250</u>	<u>34</u>	<u>28</u>

The company's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position

During the year ended 31 December 2018, there was no impairment on the Group's financial assets.

Financial liabilities

The company classifies its financial liabilities into the following category, based on the purpose for which the liability was acquired. The company's accounting policy is as follows:

Other financial liabilities

Other financial liabilities include the following items:

Borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest-bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

The IFRS 9 categories of financial liabilities included in the balance sheet and the headings in which they are included are as follows:

	Group		Company	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Financial liabilities at amortised cost	<u>1,310</u>	<u>2,815</u>	<u>4,340</u>	<u>3,884</u>
	<u>1,310</u>	<u>2,815</u>	<u>4,340</u>	<u>3,884</u>

PLETHORA SOLUTIONS HOLDINGS PLC

NOTES TO THE FINANCIAL STATEMENTS

For year ended 31 December 2018

16 FINANCIAL INSTRUMENTS -CONTINUED

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

	Group		Company	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Current liabilities				
Trade and other payables	856	284	3,886	1,353
Borrowings	454	2,531	454	2,531
	<u>1,310</u>	<u>2,815</u>	<u>4,340</u>	<u>3,884</u>

Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

During the year ended 31 December 2018, there was no impairment on the Group's financial liabilities.

17 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 based on 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 2018 and 2017.

	2018	2017
	£000	£000
Borrowings	454	2,531
Trade and other payables	856	284
Less: Cash and cash equivalents	(716)	(57)
Net debt	<u>594</u>	<u>2,758</u>
Total equity	8,945	8,945
Net debt to equity ratio	6.6%	31%

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2018 and 2017.

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

PLETHORA SOLUTIONS HOLDINGS PLC

NOTES TO THE FINANCIAL STATEMENTS

For year ended 31 December 2018

18 SHARE CAPITAL – GROUP AND COMPANY

	2018 £000	2017 £000
Allotted, issued and fully paid		
894,497,686 (2017: 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.

There were no new share issues in 2018 and 2017.

19 LEASING COMMITMENTS

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

	2018 Land and buildings £'000	2017 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.

20 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	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Urodoc Limited	192	-	48	-
Global Pharma Consulting	-	183	-	-
Regent Pacific Group Limited	454	-	454	2,538

During 2018, £192,000 (2017: £183,000) of the fees owed to M G Wyllie, were paid to Urodoc Limited (2017: Global Pharma Consulting). Dr Wyllie is a director and majority shareholder of both Urodoc Limited and Global Pharma Consulting.

During 2018, £150,000 of the £604,000 (2017: £nil) to Regent Pacific Group Limited was for repayment of loan. The remainder £454,000 (2017: £nil) was for intercompany transactions during the year.

21 CONTROLLING PARTY

As at 31 December 2018, Regent Pacific Group Limited, a Hong Kong listed company, registered in the Cayman Islands, was the company's controlling party.