

Company Number 06076221

**INTELLECTUAL PROPERTY EUROPE LIMITED**

**UNAUDITED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**31 DECEMBER 2011**



**INTELLECTUAL PROPERTY EUROPE LIMITED**  
**DIRECTORS AND ADVISERS**

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**DIRECTORS**

Ari Siponmaa  
Heikki Matti Kalervo Hautsalo  
Jari Strandman

**COMPANY NUMBER**

06076221 (England & Wales)

**REGISTERED OFFICE**

Oxford Centre For Innovation  
New Road  
Oxford  
OX1 1BY

**INTELLECTUAL PROPERTY EUROPE LIMITED**  
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**INTELLECTUAL PROPERTY EUROPE LIMITED**  
**DIRECTORS' REPORT**  
**For the year ended 31 December 2011**

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The directors present their report and financial statements for the year ended 31 December 2011

**Directors**

The following directors have held office since 1 January 2011

John Davies – resigned 17 January 2011

Ari Siponmaa

Matti Hautsalo

Jari Strandman

**Principal activities and review of the business**

The principal activity of the company continued to be that of a holding company

**Results and dividends**

The income statement for the year is set out on page 4

**Statement of Directors' Responsibilities**

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

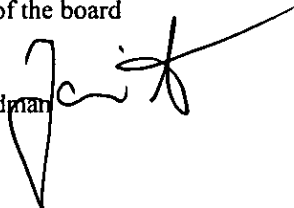
Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and applicable law. Under company law 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 company and of the profit or loss of the company for that period. In preparing those 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,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and the group and to 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.

By order of the board

Jari Strandman  
Director



21 September 2012

**INTELLECTUAL PROPERTY EUROPE LIMITED**  
**INCOME STATEMENT**  
**For the year ended 31 December 2011**

	Notes	Year to 31 December 2011 £	Year to 31 December 2010 £
Sales		-	-
Administrative expenses		8,550	5,804
Interest payable and other finance costs	3	1,847	558
<b>Loss on ordinary activities before taxation</b>	2	<b>(10,397)</b>	<b>(6,362)</b>
Tax on loss on ordinary activities	4	-	-
<b>Loss on ordinary activities after taxation</b>		<b>(10,397)</b>	<b>(6,362)</b>

The income statement has been prepared on the basis that all operations are continuing operations

There are no recognised gains and losses other than those passing through the income statement

The notes on page 7 to 13 form part of these financial statements

**INTELLECTUAL PROPERTY EUROPE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
For the year ended 31 December 2011

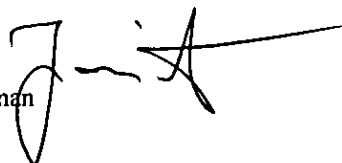
	Notes	2011 £	2010 £
<b>Assets</b>			
<i>Non-current assets</i>			
Investments	5	1,684	1,684
		1,684	1,684
<i>Current assets</i>			
Trade and other receivables	6	1,266,457	926,506
Cash and cash equivalents		15,072	152
		1,281,529	926,658
<b>Total assets</b>		<b>1,283,213</b>	<b>928,342</b>
<b>Equity and Liabilities</b>			
<b>Capital and reserves</b>			
Share capital	8	946	86
Share premium	9	949,316	907,212
Retained deficit	9	(24,233)	(13,836)
<b>Total Equity</b>		<b>926,029</b>	<b>893,462</b>
<b>Current Liabilities</b>			
Trade and other payables	7	357,184	34,880
<b>Total liabilities</b>		<b>357,184</b>	<b>34,880</b>
<b>Net Assets</b>		<b>1,283,213</b>	<b>928,342</b>

For the financial year ended 31 December 2011 the company was entitled to exemption from audit under section 477 Companies Act 2006. No member of the company has deposited a notice, pursuant to section 476, requiring an audit of these financial statements under the requirements of the Companies Act 2006.

The directors acknowledge their responsibilities for ensuring that the company keeps accounting records which comply with section 386 of the Act and for preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to accounts, so far as applicable to the company.

Approved by the board on 20 September 2012

Jari Strandman  
Director



The notes on pages 7 to 13 form part of these financial statements

Company registration No 06076221 (England and Wales)

**INTELLECTUAL PROPERTY EUROPE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**For the year ended 31 December 2011**

	Notes	Year to 31 December 2011 £	Year to 31 December 2010 £
<b>Operating activities</b>			
Loss before taxation		(10,397)	(6,362)
Depreciation of property, plant and equipment		-	-
Increase in trade and other receivables		1,799	1,047
Increase/(decrease) in trade and other payables		3,680	(215)
Interest received		-	-
<b>Net cash from operating activities</b>		<b>(4,918)</b>	<b>(5,530)</b>
<b>Investing activities</b>			
Loan to subsidiary undertaking	6	(235,885)	(240,782)
Interest received		-	-
<b>Net cash from investing activities</b>		<b>(235,885)</b>	<b>(240,782)</b>
<b>Financing activities</b>			
Loan Notes	7	238,435	172,397
Proceeds from issue of share capital	8	17,288	70,465
<b>Net cash from financing activities</b>		<b>255,723</b>	<b>242,862</b>
Net increase in cash and cash equivalents		14,920	(3,450)
Cash and cash equivalents at beginning of period		152	3,602
<b>Cash and cash equivalents at end of period</b>		<b>15,072</b>	<b>152</b>

**STATEMENT OF CHANGES IN EQUITY**  
**For the year ended 31 December 2011**

	Notes	Share Capital £	Share Premium £	Retained Earnings £	Total Equity £
At 1 January 2010		86	836,748	(7,474)	829,360
<b>Changes in equity</b>					
Loss for the period		-	-	(6,362)	(6,362)
Shares issued		-	70,464	-	70,464
At 31 December 2010		86	907,212	(13,836)	893,462
<b>Changes in equity</b>					
Loss for the period		-	-	(10,397)	(10,397)
Shares issued		860	42,104	-	42,964
At 31 December 2011		946	949,316	(24,233)	926,029

**INTELLECTUAL PROPERTY EUROPE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**For the year ended 31 December 2011**

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**1) ACCOUNTING POLICIES**

**ACCOUNTING CONVENTION**

The financial statements have been prepared under the historical cost convention in accordance with International Financial Reporting Standards, as adopted by the European Union

**INVESTMENTS**

Non current asset investments are stated at cost less provision for diminution in value

**FOREIGN CURRENCY TRANSLATION**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the income statement

**FINANCIAL ASSETS AND LIABILITIES**

**Trade and other receivables**

Trade and other receivables do not carry any interest and are initially recognised at fair value. They are subsequently measured at amortised cost using the effective interest rate method, less any provision for impairment

Impairment provisions are recognised when there is objective evidence that the Company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable

**Trade and other payables**

Trade and other payables are not interest bearing and are initially recognised at fair value. They are subsequently measured at amortised cost using the effective interest method

**Cash and cash equivalents**

Cash and cash equivalents comprise cash at hand and deposits on a term of not greater than 3 months

**Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax from proceeds



**INTELLECTUAL PROPERTY EUROPE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**For the year ended 31 December 2011**

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**TAXATION**

The tax expense represents the sum of the tax currently payable and deferred tax

The tax currently payable is based on taxable profit for the year. The Company's liability for current tax is calculated by using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is calculated at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled using tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

**APPLICATION OF NEW EU ENDORSED ACCOUNTING STANDARDS, AMENDMENTS TO EXISTING EU ENDORSED STANDARDS AND INTERPRETATIONS**

**New standards, amendments and interpretations effective in 2011 relevant to the company's results**  
None

**New standards, amendments and interpretations not yet effective relevant to the company's results:**

***IAS 24 Related Party Disclosures (Amendment)***

The amended standard clarifies the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The Company does not expect any impact on its financial position or performance.

**New standards, amendments and interpretations not yet effective and not relevant to the company's results:**

***IFRS 9 Financial Instruments - Classification and Measurement***

IFRS 9 as issued reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets as defined in IAS 39. In subsequent phases, the IASB will address classification and measurement of financial liabilities, hedge accounting and derecognition. The Company will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture.

***IFRIC 14 Prepayments of a Minimum Funding Requirement (Amendment)***

The amendment provides guidance on assessing the recoverable amount of a net pension asset. It permits an entity to treat the prepayment of a minimum funding requirement as an asset. The adoption of this interpretation will have no effect on the financial statements of the Company.

***IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments***

The interpretation clarifies that equity instruments issued to a creditor to extinguish a financial liability qualify as consideration paid. The equity instruments issued are measured at their fair value of the liability extinguished. Any gain or loss is recognised immediately in profit or loss. The adoption of this interpretation will have no effect on the financial statements of the Group.

**INTELLECTUAL PROPERTY EUROPE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**For the year ended 31 December 2011**

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**2) LOSS FROM OPERATIONS**

	<b>Year to 31 December 2011 £</b>	<b>Year to 31 December 2010 £</b>
Loss from operations is stated after charging/(crediting)		
Foreign exchange losses	-	25
Auditors remuneration		
Fees payable to the Company's auditor for the audit of the Company's accounts	-	2,500
Taxation and other services	2,790	1,500

No directors received any remuneration from the company during the year (2010 £nil)

**3) INTEREST PAYABLE AND OTHER FINANCE COSTS**

	<b>Year to 31 December 2011 £</b>	<b>Year to 31 December 2010 £</b>
Amounts due on intercompany loans	1,847	558

**INTELLECTUAL PROPERTY EUROPE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**For the year ended 31 December 2011**

**4) TAXATION**

	Year to 31 December 2011 £	Year to 31 December 2010 £
Current tax charge	-	-
<b>Factors affecting tax charge for the year</b>		
Loss on ordinary activities before taxation	(10,397)	(6,362)
Loss on ordinary activities multiplied by the standard rate of corporation tax of 20% (2010 21%)	(2,079)	(1,336)
Effects of Tax losses utilised	2,079	1,336
<b>Current tax charge</b>	-	-

The Company has estimated losses of £21,800 (2010 £13,250) available for carry forward against future trading profit. The Company has not recognised deferred tax losses relating to these losses as their recoverability is uncertain.

**5) NON CURRENT ASSET INVESTMENTS**

	Shares in Group Undertakings £	
<b>Cost</b>		
At 31 December 2011 and 31 December 2010		1,684
<b>Holdings of more than 20%</b>		
The company holds more than 20% of the share capital of the following companies		
Company	Country of registration or incorporation	Shares held Class %
<b>Subsidiary undertakings</b>		
IP Finland Oy	Finland	Ordinary 100%
	<b>Assets as at 31 December 2011</b>	<b>Liabilities as at 31 December 2011</b>
	€	€
IP Finland Oy	268,313	268,313
	<b>Revenues for the year 2011</b>	<b>Loss for the year 2011</b>
	€	€
IP Finland Oy	272,441	(243,720)

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

**INTELLECTUAL PROPERTY EUROPE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**For the year ended 31 December 2011**

**6) TRADE AND OTHER RECEIVABLES**

	2011 £	2010 £
Other receivables	4,066	-
Inter group receivables	1,262,391	926,506
	<b>1,266,457</b>	<b>926,506</b>

The Directors consider that the carrying amount of trade and other receivables approximates to their fair value

**7) TRADE AND OTHER PAYABLES**

	2011 £	2010 £
Trade payables	4,800	-
Amounts owed to associated companies	2,175	30,880
Loan Notes	347,329	-
Accruals and deferred income	2,880	4,000
	<b>357,184</b>	<b>34,880</b>

The Directors consider that the carrying amount of trade and other payables approximates to their fair value

The unsecured convertible loan notes of €115 70 were created on 21 March 2011. On 14 October 2011 3,501 unsecured convertible loan notes were subscribed for, raising €405,066. Interest of 6% per annum is payable under certain circumstances or if the notes are still outstanding at 21 March 2013.

**8) SHARE CAPITAL**

	Number	£
At 1 January 2011	8,644	86
Allotted, issued and fully paid ordinary shares of £0.01		
Issued 14 October 2011		
Proceeds from shares issued	77,796	778
Issued 30 November 2011		
Proceeds from shares issued	8,130	82
At 31 December 2011	<b>94,570</b>	<b>946</b>

**INTELLECTUAL PROPERTY EUROPE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**For the year ended 31 December 2011**

**9) STATEMENT OF MOVEMENTS ON RESERVES**

	<b>Share Premium Account</b>	<b>Income Statement</b>
	<b>£</b>	<b>£</b>
Balance at 31 December 2010	907,212	(13,836)
Premium on shares issued during the period	42,104	-
Retained loss for the period	-	(10,397)
<b>Balance at 31 December 2011</b>	<b>949,316</b>	<b>(24,233)</b>

**10) RECONCILIATION OF MOVEMENT IN SHAREHOLDERS FUNDS**

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Loss for the financial year	(10,397)	(6,362)
Proceeds from the issue of shares	42,964	70,464
Net addition to shareholders funds	32,567	64,102
Opening Shareholders' funds	893,462	829,360
<b>Closing Shareholders' funds</b>	<b>926,029</b>	<b>893,462</b>

**11) RECONCILIATION OF NET CASH FLOW MOVEMENT IN CASH AND CASH EQUIVILANTS**

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Increase/(decrease) in cash in the period	14,920	(3,450)
	14,920	(3,450)
Cash and cash equivalents at the beginning of the year	152	3,602
<b>Closing Shareholders' funds</b>	<b>15,072</b>	<b>152</b>

**12) ULTIMATE CONTROLLING PARTY**

Aura Capital Oy are the ultimate controlling party by virtue of holding 52.07% of the issued share capital

**INTELLECTUAL PROPERTY EUROPE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**For the year ended 31 December 2011**

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**13) EMPLOYEES**

**Number of employees**

There were no employees during the year apart from the directors

**14) RELATED PARTY TRANSACTIONS**

Included in trade and other payables is an amount of £2,175 (2010 £30,880) due to Aura Capital Oy, its immediate parent company. Interest of £1,800 (2010 £558) was paid on the loan balance converted to equity in the year.

Included in trade and other receivables is an amount of £1,262,391 (2010 £926,506) due from IP Finland Oy, a wholly owned subsidiary of Intellectual Property Europe Limited.

Included in trade and other receivables is an amount of £4,066 (2010 £nil) of unpaid share capital due from Jari Strandman.

**15) EXEMPTION FROM CONSOLIDATION**

The directors have prepared these financial statements to reflect the separate results of the company and have taken advantage of the exemption from preparing consolidated financial statements on the grounds that consolidated financial statements are prepared by the company's immediate parent, Aura Capital Oy, a company resident in Finland, which are compliant with International Financial Reporting Standards and have been produced for public use. A copy of these accounts can be requested from

Aura Capital Oy  
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