

IP2IPO Management VI Limited

Report and Financial Statements

Period from 27 May 2010 to 31 December 2010



Registered number 07267041

IP2IPO Management VI Limited

Annual report and financial statements for the period from 27 May 2010 to 31 December 2010

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Directors

Alan Aubrey
Greg Smith

Secretary and registered office

Angela Leach

24 Cornhill
London
EC3V 3ND

Company number

07267041

Independent Auditor

BDO LLP, 55 Baker Street, London, W1U 7EU

IP2IPO Management VI Limited

Report of the directors for the period from 27 May 2010 to 31 December 2010

The directors present their report together with the audited financial statements for the period ended 31 December 2010

Business review and principal activities

IP2IPO Management VI Limited ("the Company") was incorporated on 27 May 2010 with the principal activity being to hold equity and debt interests in spin-out companies from UK universities. This is the Company's first accounting period.

During the period, the Company acquired an equity investment in Proximagen Group plc for £4,092,480 from IP2IPO Limited by way of a share for share exchange.

The directors are satisfied that the business has performed satisfactorily for the period under review.

Results and dividends

The results for the period are presented on page 4. The directors do not recommend payment of a dividend.

Future outlook

The directors believe the company will continue to trade for the foreseeable future.

Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks.

The key business risks and uncertainties affecting the Company are considered to relate to the protection of intellectual property and market risk in respect of its equity investments. Further discussion of these risks and uncertainties, in the context of the group as a whole, is provided in the annual report of the Company's ultimate parent, IP Group plc, which does not form part of this report.

Financial instruments

The Company's primary exposure to financial instruments is in relation to equity investments in spin-out companies and loans received from fellow group companies.

The directors of IP Group plc manage the risks inherent from holding equity instruments through the establishment, at a group-wide level, of investment appraisal processes and asset monitoring procedures which are subject to overall review by the Board. The group has also established Capital Markets and Communications teams dedicated to supporting portfolio companies with fundraising activities and investor relations.

Key performance indicators ("KPIs")

The directors of IP Group plc manage the group's operations on a divisional basis. For this reason, the Company's directors believe that analysis using KPIs for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company. The development, performance and position of IP Group plc, which includes the Company, is discussed in IP Group plc's annual report which does not form part of this report.

Directors

The directors of the company during the period were

Greg Smith (appointed 27 May 2010)

Alan Aubrey (appointed 10 September 2010)

Magnus Goodlad (appointed 27 May 2010 and resigned on 10 September 2010)

Charitable and political contributions

During the period the Company made no charitable or political contributions.

IP2IPO Management VI Limited

Report of the directors for the period from 27 May 2010 to 31 December 2010

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company 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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditor

All of the current directors have taken the steps that they ought to have taken to make themselves aware of any information needed by the Company's auditor for the purposes of their audit and to establish that the auditor is aware of that information. The directors are not aware of any relevant audit information of which the auditor is unaware.

Independent auditor

BDO LLP has expressed their willingness to continue in office. Under the Companies Act 2006 section 487 (2) they will be automatically reappointed as auditors 28 days after these accounts are sent to the members, unless the members exercise their rights under Companies Act 2006 to prevent their reappointment.

ON BEHALF OF THE BOARD



Greg Smith
Director
28 September 2011

Independent auditor's report to the shareholder of IP2IPO Management VI Limited

We have audited the financial statements of IP2IPO Management VI Limited for the period from 27 May 2010 to 31 December 2010 which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2010 and of its loss for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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



Neil Fung-On (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom
28 September 2011

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

IP2IPO Management VI Limited

Profit and loss account for the period from 27 May 2010 to 31 December 2010

	Notes	Period from 27 May 2010 to 31 December 2010 £'000
Turnover		-
Administrative expenses	3	(2)
Loss on ordinary activities before taxation	2	(2)
Taxation on loss on ordinary activities	6	-
Loss on ordinary activities after taxation	10	(2)

The Company has no recognised gains or losses other than the loss above and therefore no separate statement of total recognised gains and losses has been presented

The notes on pages 6 to 9 form part of these financial statements

IP2IPO Management VI Limited
Registered number: 07267041
Balance sheet as at 31 December 2010

	Note	2010 £'000
Fixed Assets		
Investments	7	4,113
Creditors amounts falling due within one year	8	(23)
Net current assets		<u>4,090</u>
Total assets less current liabilities		<u>4,090</u>
Capital and reserves		
Called up share capital	9	4,092
Profit and loss account	10	(2)
Total shareholder's funds	11	<u>4,090</u>

The notes on page 6 to 9 form part of these financial statements

The financial statements were approved by the Board of directors and authorised by issue on 28 September 2011 and were signed on its behalf by



Greg Smith
Director

1 ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared under the historical cost convention, in accordance with the Companies Act 2006, and applicable United Kingdom accounting standards. A summary of the more important accounting policies which have been applied consistently throughout the period is set out below.

Equity investments

Equity investments are stated at historic cost less provision for impairment in value. Provisions are based upon an assessment of events or changes in circumstances that indicate that an impairment has occurred such as the performance and/or prospects (including financial prospects) of the investee company being significantly below the expectations on which the investment was based, a significant adverse change in the markets in which the investee company operates or a deterioration in general market conditions.

Deferred tax

Provision is made in full for deferred tax liabilities that arise from timing differences where transactions or events, that result in an obligation to pay more tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised to the extent that it is considered more likely than not that they will be recoverable. Deferred tax is measured at the average rates that are expected to apply in the periods in which the timing differences are expected to reverse based on the tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax assets and liabilities are not discounted.

Cash flow statement

The Company has taken advantage of the exemption conferred upon it by FRS 1 "Cash Flow Statements" (Revised 1996) not to prepare a cash flow statement whereby the cash flows of the Company are incorporated into those of the ultimate parent undertaking and these financial statements are publicly available.

Related party transactions

FRS 8 "Related Party Disclosures", requires the disclosure of the details of material transactions between the reporting entity and any related parties. However, transactions between the Company and other group companies including their associates and joint ventures have not been disclosed in accordance with the exemption in FRS 8 paragraph 3(c).

Share based payment

Assets acquired in a share based payment transaction are recognised when acquired. For equity settled transactions, the corresponding amount is recognised as an increase in equity. The transaction is measured at the fair value of the assets acquired. In respect of unquoted equity investments acquired, the fair value was determined by reference to the price of any recent investment in those instruments by third parties.

IP2IPO Management VI Limited

Notes to the financial statements for the period ended 31 December 2010

2 OPERATING LOSS

The loss on ordinary activities before taxation is stated after charging

	Period from 27 May 2010 to 31 December 2010 £'000
Professional fees	<u>2</u>

3. AUDITOR'S REMUNERATION

	Period from 27 May 2010 to 31 December 2010 £'000
Audit services:	
Fees payable to company auditor for the audit of the financial statements	1
Non-audit services.	
Other non-audit services	<u>1</u>
	<u>2</u>

4. EMPLOYEES

During the period the Company had no employees

5. DIRECTORS' EMOLUMENTS

The directors are remunerated for their services to other group companies within the group headed by the Company's ultimate parent, IP Group plc. No amounts were received by them as directors of IP2IPO Management VI Limited

6. TAXATION

The tax assessed for the year is different than the standard rate of corporation tax in the UK (28%). Factors affecting the current tax charge for the year are explained below

	Period from 27 May 2010 to 31 December 2010 £'000
Loss on ordinary activities before tax	<u>(2)</u>
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28%	(1)
Effects of	
Movement on unutilised tax losses	<u>1</u>
Current tax charge for the year	<u>-</u>

IP2IPO Management VI Limited

Notes to the financial statements for the period ended 31 December 2010

There is a potential deferred tax asset at 31 December 2010 of £1k relating to other timing differences. This asset has not been recognised in the financial statements due to current uncertainties surrounding the reversal of the underlying timing differences. The deferred tax asset would be recovered if there were future taxable profits from which the reversal of the underlying timing differences could be deducted.

7 FIXED ASSET INVESTMENTS

	Equity Investments £'000
Cost	
At 27 May 2010	-
Equity settled investment in spin-out company	4,113
At 31 December 2010	4,113
Provision for impairment	
At 27 May 2010	-
Provisions made in the period	-
At 31 December 2010	-
Net book value	
At 31 December 2010	4,113
At 27 May 2010	-

At 31 December 2010 the Company has no investments where it holds more than 20% of the issued share capital.

At 31 December 2010 the market value of the listed investment is £7,056k.

8 CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR

	2010 £'000
Amounts owed to group undertakings	(21)
Accruals and deferred income	(2)
At 31 December 2010	(23)

9. CALLED UP SHARE CAPITAL

	2010 £'000
Authorised	
4,092,481 ordinary shares of £1 each	4,092
Allotted, called up and fully paid	
4,092,481 ordinary shares of £1 each	4,092

The Company was incorporated on 27 May 2010, and on that date one ordinary subscriber share of £1 was issued for consideration of £1.

On 27 May 2010, 4,092,480 further ordinary shares of £1 were issued. Consideration was satisfied by way of 4,704,000 ordinary shares in Proximagen Group plc. The fair value of this equity

IP2IPO Management VI Limited

Notes to the financial statements for the period ended 31 December 2010

investment in Proximagen Group plc was £4,092,480. This fair value was determined by the market price of the quoted instrument at transaction date.

10 RESERVES

	Profit and loss account £'000
At 27 May 2010	-
Loss for the period	(2)
At 31 December 2010	<u>(2)</u>

11. RECONCILIATION OF MOVEMENT IN SHAREHOLDER'S FUNDS

	£'000
Shareholder's funds at 27 May 2010	-
Loss for the period	(2)
Issue of share capital in the period	4,092
Shareholder's funds at 31 December 2010	<u>4,090</u>

12. IMMEDIATE AND ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The directors regard IP2IPO Limited as the immediate parent company and controlling party. The ultimate parent company and the ultimate controlling party is considered to be IP Group plc. The immediate and ultimate parent companies were incorporated in the United Kingdom. Copies of the ultimate parent company's financial statements may be obtained from the Secretary of IP Group plc, 24 Cornhill, London, EC3V 3ND.