

REGISTERED NUMBER: 10635168 (England and Wales)

Strategic Report, Report of the Directors and
Financial Statements for the Year Ended 31 December 2018
for
IP2IPO Asia-Pacific Limited



IP2IPO Asia-Pacific Limited (Registered number: 10635168)

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for the Year Ended 31 December 2018**

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IP2IPO Asia-Pacific Limited

Company Information
for the Year Ended 31 December 2018

DIRECTORS:

A J Aubrey
D G Baynes
Dr P L Grant
G Smith

SECRETARY:

IP2IPO Services Limited

REGISTERED OFFICE:

The Walbrook Building
25 Walbrook
London
EC4N 8AF

REGISTERED NUMBER:

10635168 (England and Wales)

AUDITORS:

KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

IP2IPO Asia-Pacific Limited (Registered number: 10635168)

**Strategic Report
for the Year Ended 31 December 2018**

The principal activity of IP2IPO Asia-Pacific Limited (the "Company") during the year was to act as a UK based holding company providing capital to support the commercialisation of intellectual property from research institutions based in Australasia, typically through the formation of spin-out companies.

RESULTS AND PERFORMANCE

The results for the year are set out on page 7. The Company's loss for the period was £1,337,835 (period ended 31 December 2017: £201,866). The directors do not propose a final dividend for the year ended 31 December 2018 (period ended 31 December 2017: £nil).

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 on pages 44 to 55 of IP Group plc's annual report and financial statements which does not form part of this report.

STRATEGY

The Company's business plan is to continue to act as a UK based holding company for the Australasia operations.

KEY PERFORMANCE INDICATORS

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 2018 annual report and financial statements which do not form part of this report.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's primary exposure to financial instruments is in relation to the holding of equity and debt instruments in spin-out companies, cash and trade debtors.

The directors manage the risks inherent in the holding of equity and debt 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 corporate finance and communications teams dedicated to supporting portfolio companies with fundraising activities and investor relations.

Furthermore, the Company maintains adequate liquid capital such that it is not reliant on external providers of liquidity to support its operations.

ON BEHALF OF THE BOARD:



.....
G Smith - Director

Date: 08.11.2019

IP2IPO Asia-Pacific Limited (Registered number: 10635168)

**Report of the Directors
for the Year Ended 31 December 2018**

The Directors' report should be read in conjunction with the Strategic report on page 2 (which is incorporated in this Directors' report by reference), which together, include information about the Company's business, its financial performance during the period, and likely developments in the future.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2018 (period ended 31 December 2017: £nil).

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2018 to the date of this report.

A J Aubrey
D G Baynes
Dr P L Grant
G Smith

POLITICAL DONATIONS AND EXPENDITURE

During the year ended 31 December 2018, the Company made no political or charitable donations (period ended 31 December 2017: £nil).

GOING CONCERN

The Company has adequate financial resources and as a consequence, the Directors believe that the Company is well place to manage its business risks successfully and to meet its liabilities as they fall due for at least twelve months from the date of approval of these financial statements.

Notwithstanding net liabilities of £1,539,700 as at 31 December 2018, a loss for the year then ended of £1,337,835, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds, through funding from its ultimate parent company, IP Group plc, to meet its liabilities as they fall due for that period.

Those forecasts are dependent on IP Group plc providing additional financial support during that period. IP Group plc has indicated its intention to continue to make available such funds as are needed by the company for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the Directors 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;
- 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.

IP2IPO Asia-Pacific Limited (Registered number: 10635168)

**Report of the Directors
for the Year Ended 31 December 2018**

STATEMENT OF DIRECTORS' RESPONSIBILITIES - continued

The directors are responsible for preparing the Strategic Report, 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

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 estimates that are reasonable and prudent;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

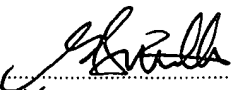
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditor KPMG LLP is deemed to have been re-appointed in accordance with section 487 of the Companies Act 2006.

ON BEHALF OF THE BOARD:


.....
G Smith - Director

Date: 08.11.2019

**Report of the Independent Auditors to the Members of
IP2IPO Asia-Pacific Limited (Registered number: 10635168)**

Opinion

We have audited the financial statements of IP2IPO Asia-Pacific Limited ("the company") for the year ended 31 December 2018 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to Britain exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company or partnership and this is particularly the case in relation to Brexit.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

**Report of the Independent Auditors to the Members of
IP2IPO Asia-Pacific Limited (Registered number: 10635168)**

Responsibilities of directors

As explained more fully in their statement set out on page 3, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

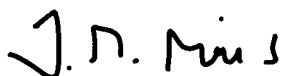
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

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

The purpose of our audit work and to whom we owe our responsibilities

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.



Jonathan Mills (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

Date: 8 November 2019

IP2IPO Asia-Pacific Limited (Registered number: 10635168)

Statement of Comprehensive Income
for the Year Ended 31 December 2018

		Year Ended 31/12/18 £	Period 23/2/17 to 31/12/17 £
	Notes		
TURNOVER		-	-
Administrative expenses		<u>(1,333,699)</u>	<u>(201,866)</u>
		(1,333,699)	(201,866)
Change in fair value of investments		<u>(4,136)</u>	<u>-</u>
OPERATING LOSS AND LOSS BEFORE TAXATION	4	(1,337,835)	(201,866)
Tax on loss	5	<u>-</u>	<u>-</u>
LOSS FOR THE FINANCIAL YEAR		(1,337,835)	(201,866)
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>(1,337,835)</u>	<u>(201,866)</u>


The notes on pages 10 to 15 form part of these financial statements

IP2IPO Asia-Pacific Limited (Registered number: 10635168)

Balance Sheet
31 December 2018

	Notes	2018 £	2017 £
FIXED ASSETS			
Investments	6	678,557	-
CURRENT ASSETS			
Debtors: amounts falling due within one year	7	1	1
Debtors: amounts falling due after more than one year	7	253,088	252,720
Cash at bank		<u>2,004</u>	<u>2,270</u>
		255,093	254,991
CREDITORS			
Amounts falling due within one year	8	<u>997</u>	-
NET CURRENT ASSETS		<u>254,096</u>	<u>254,991</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		932,653	254,991
CREDITORS			
Amounts falling due after more than one year	9	<u>2,472,353</u>	<u>456,856</u>
NET LIABILITIES		<u>(1,539,700)</u>	<u>(201,865)</u>
CAPITAL AND RESERVES			
Called up share capital	10	1	1
Retained earnings		<u>(1,539,701)</u>	<u>(201,866)</u>
SHAREHOLDERS' FUNDS		<u>(1,539,700)</u>	<u>(201,865)</u>

The financial statements were approved by the Board of Directors on 08.11.2019 and were signed on its behalf by:


G Smith - Director

IP2IPO Asia-Pacific Limited (Registered number: 10635168)

Statement of Changes in Equity
for the Year Ended 31 December 2018

	Called up share capital £	Retained earnings £	Total equity £
Changes in equity			
Issue of share capital	1	-	1
Total comprehensive income	<u>-</u>	<u>(201,866)</u>	<u>(201,866)</u>
Balance at 31 December 2017	<u>1</u>	<u>(201,866)</u>	<u>(201,865)</u>
Changes in equity			
Total comprehensive income	<u>-</u>	<u>(1,337,835)</u>	<u>(1,337,835)</u>
Balance at 31 December 2018	<u><u>1</u></u>	<u><u>(1,539,701)</u></u>	<u><u>(1,539,700)</u></u>

The notes on pages 10 to 15 form part of these financial statements

**Notes to the Financial Statements
for the Year Ended 31 December 2018**

1. STATUTORY INFORMATION

IP2IPO Asia-Pacific Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

These financial statements were prepared on a going concern basis and in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). The amendments to FRS 101 issued in December 2016 and effective immediately have been applied.

The Company's ultimate parent undertaking, IP Group plc, includes IP2IPO Asia-Pacific Limited in its consolidated financial statements. The consolidated financial statements of IP Group plc are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from the company secretary at IP Group plc, The Walbrook Building, 25 Walbrook, London, EC4N 8AF.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures: a Cash Flow Statement and related notes; disclosures in respect of transactions with wholly owned subsidiaries; disclosures in respect of capital management; the effects of new but not yet effective IFRSs; and disclosures of transactions with a management entity that provides key management personnel services to the company.

As the ultimate parent company, IP Group plc's consolidated financial statements include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures: certain disclosures required by IFRS 13 Fair Value Measurement, IAS 24 Related Party Disclosures and the disclosures required by IFRS 7 Financial Instrument Disclosures.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements. The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The prior period represents a shortened accounting period, beginning on 23 February 2017 and ending on 31 December 2017.

Going concern

Notwithstanding net liabilities of £1,539,700 as at 31 December 2018, a loss for the year then ended of £1,337,835, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds, through funding from its ultimate parent company, IP Group plc, to meet its liabilities as they fall due for that period.

Those forecasts are dependent on IP Group plc providing additional financial support during that period. IP Group plc has indicated its intention to continue to make available such funds as are needed by the company for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

IP2IPO Asia-Pacific Limited (Registered number: 10635168)

Notes to the Financial Statements - continued
for the Year Ended 31 December 2018

2. ACCOUNTING POLICIES - continued

Deferred taxation

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 tax 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 substantively enacted by the balance sheet date. Deferred tax assets and liabilities are not discounted.

Preparation of consolidated accounts

The financial statements contain information about IP2IPO Asia-Pacific Limited as an individual company and do not contain consolidated financial information as a parent of a group. The Company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare group accounts on the basis that the parent company is included in the accounts of a larger group.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2018

2. ACCOUNTING POLICIES - continued

Equity investments

The fair values of quoted investments are based on bid prices in an active market at the reporting date. The fair value of unlisted securities is established using valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analysis and earnings multiples. Wherever possible the Company uses valuation techniques which make maximum use of market-based inputs. Accordingly, the valuation methodology used most commonly by the Company is the 'price of recent investment' contained in the International Private Equity and Venture Capital Valuation Guidelines (the "IPEVCV Guidelines") endorsed by the British & European Venture Capital Associations. The following considerations are used when calculating the fair value of unlisted securities:

Cost

Where the investment being valued was itself made recently, its cost may provide a good indication of fair value unless there is objective evidence that the investment has since been impaired, such as observable data suggesting a deterioration of the financial, technical, or commercial performance of the underlying business.

Price of recent investment

The Company considers that fair value estimates, which are based entirely on observable market data, will be of greater reliability than those based on assumptions and, accordingly, where there has been any recent investment by third parties, the price of that investment will generally provide a basis of the valuation. The length of period for which it remains appropriate to use the price of recent investment depends on the specific circumstances of the investment and the stability of the external environment.

Given the nature of the Company's investments in seed, start-up and early-stage companies, where there are often no current and no short-term future earnings or positive cash flows, it can be difficult to gauge the probability and financial impact of the success or failure of development or research activities and to make reliable cash flow forecasts. Consequently, the most appropriate approach to determine fair value is a methodology that is based on market data, that being the price of a recent investment. Where the Company considers that the price of recent investment, unadjusted, is no longer relevant and there are limited or no comparable companies or transactions from which to infer value, the Company carries out an enhanced assessment based on milestone analysis and/or industry and sector analysis. In applying the milestone analysis approach to investments in companies in early or development stages the Company seeks to determine whether there is an indication of change in fair value based on a consideration of performance against any milestones that were set at the time of the original investment decision, as well as taking into consideration the key market drivers of the investee company and the overall economic environment.

Where the equity structure of a portfolio company involves different class rights in a sale or liquidity event, the Group takes these different rights into account when forming a view on the value of its investment.

Where the Group considers that there is an indication that the fair value has changed, an estimation is made of the required amount of any adjustment from the last price of recent investment, or an alternative valuation technique is used where this is deemed more appropriate. Where a deterioration in value has occurred, the Group reduces the carrying value of the investment to reflect the estimated decrease. If there is evidence of value creation the Group may consider increasing the carrying value of the investment; however, in the absence of additional financing rounds or profit generation it can be difficult to determine the value that a purchaser may place on positive developments given the potential outcome and the costs and risks to achieving that outcome and, accordingly, caution is applied.

Factors that the Group considers include, inter alia, technical measures such as product development phases and patent approvals, financial measures such as cash burn rate and profitability expectations, and market and sales measures such as testing phases, product launches and market introduction.

Other valuation techniques

Where it is no longer deemed appropriate to use the price of recent investment as a valuation basis, the Group uses alternative methodologies in the IPEV Guidelines such as discounted cash flows ("DCF") or price-earnings multiples. DCF involves estimating the fair value of a business by calculating the present value of expected future cash flows, based on the most recent forecasts in respect of the underlying business.

When using the earnings multiple methodology, earnings before interest and tax ("EBIT") are generally used, adjusted to a maintainable level. A suitable earnings multiple is derived from an equivalent business or group of businesses, for which the average price-earnings multiple for the relevant sector index can generally be considered a suitable proxy. This multiple is applied to earnings to derive an enterprise value which is then discounted by up to 60% for non-marketability and other risks inherent to businesses in early stages of operation.

No reliable estimate

Where a fair value cannot be estimated reliably, the investment is reported at the carrying value at the previous reporting date unless there is objective evidence that the investment has since been impaired.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2018

2. ACCOUNTING POLICIES - continued

Debt investments

Debt investments are generally unquoted debt instruments which are convertible to equity at a future point in time. Such instruments are considered to be hybrid instruments containing a fixed rate debt host contract with an embedded equity derivative. The Group designates the entire hybrid contract at fair value through profit or loss on initial recognition and, accordingly, the embedded derivative is not separated from the host contract and accounted for separately. The fair value of debt on initial recognition is measured at fair value which is equal to cost and subsequent remeasurement will be recognised as changes in fair value in the statement of comprehensive income.

Related party transactions

In accordance with IAS 24 "Related Parties Disclosures", the Company discloses details of material transactions between the reporting entity and related parties. However, transactions between the Company and other Group companies have not been disclosed in accordance with the exemption in IAS 24 paragraph.

3. EMPLOYEES AND DIRECTORS

During the year the Company had no employees (2017: none). The directors were remunerated for their services to other group companies within the group headed by the Company's ultimate parent, IP Group plc. The directors of the company chose to waive any remuneration during the year ended 31 December 2018, for their services to this entity.

4. LOSS BEFORE TAXATION

The loss before taxation is stated after charging:

	Year Ended 31/12/18 £	Period 23/2/17 to 31/12/17 £
Auditors' remuneration	4,922	-
Foreign exchange differences	<u>956</u>	<u>4,142</u>

5. TAXATION

Analysis of tax expense

No liability to UK corporation tax arose for the year ended 31 December 2018 nor for the period ended 31 December 2017.

Factors affecting the tax expense

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	Year Ended 31/12/18 £	Period 23/2/17 to 31/12/17 £
Loss before income tax	<u>(1,337,835)</u>	<u>(201,866)</u>
Loss multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 19.120%)	(254,189)	(38,597)
Effects of:		
Expenses not deductible for tax purposes	641	-
Deferred tax not recognised	<u>253,548</u>	<u>38,597</u>
Tax expense	<u>-</u>	<u>-</u>

There is a potential deferred tax asset at 31 December 2018 of £275,439 (2017: £34,317), relating to losses of £1,620,229 (2017: £201,866). This asset has not been recognised in the financial statements previously 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.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2018

6. INVESTMENTS

	Equity investments in unquoted spin-out £	Unquoted debt investments in spin-out £	Total £
Cost or valuation			
Additions	557,300	125,393	682,693
Revaluations	<u>(3,376)</u>	<u>(760)</u>	<u>(4,136)</u>
At 31 December 2018	<u>553,924</u>	<u>124,633</u>	<u>678,557</u>
Net book value			
At 31 December 2018	<u>553,924</u>	<u>124,633</u>	<u>678,557</u>

7. DEBTORS

	2018 £	2017 £
Amounts falling due within one year:		
Called up share capital not paid	<u>1</u>	<u>1</u>
Amounts falling due after more than one year:		
Amounts owed by group undertakings	<u>253,088</u>	<u>252,720</u>
Aggregate amounts	<u>253,089</u>	<u>252,721</u>

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £	2017 £
Accruals and deferred income	<u>997</u>	<u>-</u>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

9. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2018 £	2017 £
Amounts owed to group undertakings	<u>2,472,353</u>	<u>456,856</u>

10. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			2018 £	2017 £
Number:	Class:	Nominal value:		
1	Ordinary	£1	<u>1</u>	<u>1</u>

11. RELATED PARTY DISCLOSURES

As the company is a wholly owned subsidiary of IP Group plc, the company has taken advantage of the exemption contained in IAS24 and has therefore not disclosed transactions or balances with entities which form part of the IP Group plc Group.

12. EVENTS AFTER THE REPORTING PERIOD

There have been no significant events subsequent to the year end.

IP2IPO Asia-Pacific Limited (Registered number: 10635168)

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2018**

13. IMMEDIATE AND ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The Directors regard IP Group plc as the immediate and ultimate parent company and controlling party. Copies of the ultimate parent company's financial statements may be obtained from the secretary of IP Group plc, The Walbrook Building, 25 Walbrook, London, EC4N 8AF.