Reliance GeneMedix Plc

Annual report and financial statements

for the year ended 31 March 2010

Registered number 03467317

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Chief Executive Officer's statement

Background

Reliance GeneMedix is a globally-focused biopharmaceutical company, specialising in the development and manufacture of high-quality, cost-effective treatments for some of the world's most serious diseases Since February 2007, the company is part of the Reliance Life Sciences Group of companies The Company is working towards the development, manufacture and marketing of a portfolio of biosimilar recombinant therapeutic proteins for global markets

Business overview

I am pleased to present the results for the financial year 2009 - 2010, during which the Company reached the final phase of its development programme for Erythropoietin (EPO) The Company is close to completion of clinical development and is applying to the European Medicine Agency for Market Authorisation for its lead product EPO in EU Reliance Life Sciences continues to market EPO in India The company has also obtained regulatory approval in EU for clinical trial of its second product Granulocyte Colony Stimulating Factor (G-CSF)

In this time of difficult external financial and economic conditions, the Company has been able to sustain its product development programmes based on the financial support received from Reliance Life Sciences The Company has also been successful in containing operational costs The Company also continues its efforts to obtain approval for launching EPO in other markets

Financial review

Operating losses of € 2 225 million (2009 € 4 014 million) for the period are in line with the budgets and reflect planned expenditure The group continues to exercise a strict control on costs in order to conserve cash

The group has capitalised development expenditure of € 4 376 million (2009 € 5 409 million) incurred on the EPO development programme, post the receipt of clinical trial approval Current assets and current liabilities are in line with the level of operations of the group

The expenditure during the year was financed through a loan from Reliance Life Sciences It is envisaged that the future funding requirements of the company till the EPO EU market launch will also be met through an additional loan from Reliance Life Sciences

Board changes

There has been no change in the board of directors

Employee commitment

I would like to thank the staff of the Company for their contribution in the development and manufacturing programmes and look forward to their ongoing commitment for achieving new milestones in the coming year The Board is committed to talent and skill development through internal and external training initiatives and also to reward employees for excellent performance

Vinay Ranade
Chief Executive Officer
30 August 2010

Directors, Secretary and Advisors

Non-Executive Directors

Dr R. A. Mashelkar – Non Executive Chairman

Dr R A Mashelkar, aged 67, was appointed as Non-executive chairman of the company on 24 January 2008 Dr Mashelkar is an eminent scientist with an outstanding academic record and has held a number of very high profile positions in the field of science and technology He is presently the President of Global Research Alliance, a network of publicly funded R&D institutes from Asia Pacific, Europe and USA with over 60,000 scientists He was the President of the Indian National Science Academy (INSA) Prior to this he served as Director General of Council of Scientific and Industrial Research (CSIR) Dr Mashelkar has 27 honorary doctorates and was only the third engineer to have been elected as Fellow of Royal Society (FRS) London in the twentieth Century

Mr. Dileep Choksi – Non executive director

Mr Dileep C Choksi, aged 60, is a Fellow Member of the Institute of Chartered Accountants of India – Rank holder, a Bachelor of Law, and a Member of the Institute of the Cost and Works Accountants of India and has over 35 years of experience in the field of finance Mr Choksi is a Non-Executive Director of several leading private companies, including ICICI Lombard General Insurance Co Ltd, ICICI Prudential Asset Management Co Ltd, ICICI Home Finance Company Limited, State Bank of India, Ahmedabad Commodity Exchange Limited He was also a trustee of Child Relief and You (CRY), an organisation that is dedicated to the education and welfare of underprivileged children Mr Choksi was also the Vice Chairman of Deloitte Haskins & Sells in India until his retirement in March 2008

Mr. Atul Dayal – Non executive director

Mr Atul Dayal, aged 60, is a Solicitor and has been in practice since 1974 Until March 1998, he was a partner with M/s Kanga & Co , a leading firm of Advocates & Solicitors in Mumbai and from April 1998, has been practicing as the sole proprietor of M/s A S Dayal & Associates For about 20 years he has been handling legal matters of the Reliance Group of companies, as their main legal advisor

Executive Directors

Mr. K. V. Subramaniam – Executive director

Mr Subramaniam, aged 52, is the President and CEO of Reliance Life Sciences He is a Chemical Engineer from Madras University and a Management Graduate from the Indian Institute of Management, Ahmedabad He started his career with Indian Petrochemicals Corporation Limited, where he spent fourteen years in several functions He joined Reliance Industries Limited in 1994 to lead the corporate business development function, where he was involved in several new initiatives of the organisation in petrochemicals, power, infrastructure, agriculture and insurance Mr Subramaniam has been instrumental in conceiving and developing Reliance Life Sciences, which has several programs covering stem cells and tissue engineering, molecular diagnostics and genetics, therapeutic proteins, biopolymers, biofuels, biochemicals, plant biotechnology, clinical research and contract research He serves on the Board of the Institute of Chartered Financial Analysts of India (ICFAI), Hyderabad, and is on the Board of Institute of Chartered Financial Analysts of India (ICFAI) University, Mizoram

Mr Vinay Ranade – Chief executive officer

Mr Ranade, aged 42, was appointed as CEO of the company from 1 January 2008 Mr Ranade is a Chartered Accountant and a management graduate by qualification and has over 19 years of experience in various fields including investment banking, finance and commercial functions, business, projects and operations He has been a core team member in developing the biotechnology initiatives at Reliance Life Sciences since 2001 He has been associated with the Company during the acquisition process since December 2005 and has been part of the integration team since that date In his role as CEO, he is responsible for ensuring that the company's objective of delivering high quality, cost effective biopharmaceuticals to a global healthcare market is achieved and will be developing R&D programmes of the company following its acquisition by Reliance Life Sciences

Secretary	Vinay Ranade
Registered office	8th floor 105 Wigmore Street London W1U 1QY, UK
Plant and Administration Office	IDA Business and Technology Park Sragh, Tullamore, Co Offaly Ireland
Registered number	03467317
AIM Nominated Advisor	Deloitte LLP 2 New Street Square, London EC4A 3BZ
AIM Nominated Broker	The Share Centre Oxford House, Oxford Road, Aylesbury Bucks HP21 8SZ
Registrars	SLC Registrars Thames House Portsmouth road Esher, Surrey KT10 9AD
Auditors	Ernst & Young Annaville House, Newtown Waterford, Ireland

Directors' report

The directors present their report on the affairs of the group and the audited financial statements for the year ended 31 March 2010 The comparative period is for the year ended 31 March 2009

Principal activities

The principal activities of the Company and Group are the development and manufacture of biopharmaceuticals, including biosimilars, which are a generic version of innovative recombinant therapeutic proteins There are plans of expanding the business in the future to include sales and distribution

The Company's key financial performance indicators during the year were as follows

€'000

	31 3 2010	31.3.2009	Change (%)
R&D costs	4,547	5,833	(22)
Operating loss	2,225	4,014	(45)
Loss before tax	2,504	4,065	(38)
Shareholders' funds	10,179	11,723	(13)
Intangible assets	12,620	8,246	53

Operating loss decreased by 45% mainly in line with lower level of activity during the year as well as strict control over costs

Loss before tax reduced by 38%

The decrease in Shareholders' funds is due to the results for the year

Intangible assets increased by 53% on account of capitalisation of development costs of €4 376 million

Business review

Please refer to Business overview section as set out in the Chief Executive Officer's statement on page 3

The Company and the environment

The Company's environmental responsibility spans from raw materials, conversion into products and product impact after use The Company is committed to work on reducing the use of energy, and other resources as well as minimise waste generation The waste treatment meets high environmental standards

Going Concern

After making enquiries, the Directors have reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future For this reason, they continue to adopt the going concern basis in preparing the financial statements

Principal risks and uncertainties

The Group's business is influenced by a range of factors, some of which may be beyond the control of the Group and its Board The risk factors set out below are mostly shared by all other biopharmaceutical companies

Regulatory approval

The clinical evaluation, manufacture and marketing of the Group's drug candidates and its ongoing research and development activities are subject to regulation by government and other regulatory agencies in countries where the Group intends to test or market products Many countries, including all members of the EU and the US, have very high standards of appraisal and, accordingly, the approval process can be lengthy It is noteworthy that regulatory process in EU for biosimilars is well defined and is relatively less rigorous as compared to regulatory process for an innovative product

Commercial launch

The Group is intending to market its own products in various markets around the world including EU The Group has currently no access to any marketing, sales or distribution functions in its main market, EU

Competition and Market share

The Group's competitors include, amongst others, major pharmaceutical and biotechnology companies with substantially large financial resources There is no assurance that the Group's competitors' strategies and products would not adversely affect the market shares that the Group can gain

Global economic environment

Many countries in which the Group currently operates and plans to expand in the future are facing recession and experiencing liquidity problems and constrained credit availability Such conditions may pose challenges in achieving the sales targets and also may adversely affect Group's ability to raise capital

Key performance indicators (KPIs)

Research and development costs have reduced as compared to research and development costs in the last year It is noteworthy that the progress of the Group in its product development programmes is as planned

The Directors believe that completion of ongoing development programmes of EPO and G-CSF, launching its products in new markets outside EU, and achieving operating efficiencies to reduce product costs are the KPIs for the Company to be successful in achieving commercial efficacy

Results and dividends

The loss for the period was € 1 544 (2009 € 2 768 million)

In view of the accumulated losses of the Company, the Directors do not recommend payment of a dividend for the year (2009 € nil)

Research and development

Reliance GeneMedix is now a part of the Reliance Life Sciences Group which has extensive research and development programmes, commercial and R&D infrastructure facilities in India During the period, Reliance GeneMedix incurred research and development costs of € 4 547 million (2009 € 5 833 million) mainly on its EPO programme The Directors regard continued investment in research and development as a prerequisite for creating and increasing the value of the intellectual property and technical know-how portfolio and to achieve and sustain commercial success in the market place

Charitable donations

During the period, the Company made no charitable donations (2009 € nil)

Political support

Reliance GeneMedix did not support, or make any donations to, political parties in the period (2009 € nil)

Financial instruments and associated risks

The board reviews and agrees overall treasury policies, delegating appropriate authority to the Chief Executive Officer Financial instruments are used to manage the financial risks facing the Group – speculative transactions are not permitted

The Group's financial instruments comprise primarily cash, cash equivalents and borrowings In addition to the primary financial instruments mentioned above, the Group also has other financial instruments, such as trade creditors and accruals that arise directly from the Group's operations The main purpose of these financial instruments is to provide working capital for the Group's operations

The main risks arising from the Group's activities, and involving the use of financial instruments, are foreign currency risk, interest rate risk and liquidity risk Note 3 to the financial statements sets out the risks in respect of financial instruments, along with numerical disclosures for each category of financial instrument

Board changes

There has been no change in the board of directors

Post balance sheet events

There have been no significant events since the balance sheet date

Supplier payment policy

The Group's policy is to settle terms of payment with suppliers when agreeing the terms of each transaction, ensure that suppliers are made aware of the terms of payment and abide by the terms of payment Trade creditors of the Group at 31 March 2010 were equivalent to 62 days of purchases (2009 70 days)

Substantial shareholdings

The Company had been notified, in accordance with chapter 5 of the Disclosure and Transparency Rules ("DTR"), of the following interests in the ordinary share capital of the Company

Name of holder	Number	Percentage held
Dr Kim Tan	14,613,692	7 67%
Reliance Holdings BV	151,602,489	79 58%

Save for the above, the Company has not been notified, of any material interest of 3 per cent or more or any non-material interest exceeding 10 per cent of the issued share capital of the Company

Directors' interests

The directors who held office at 31 March 2010 and 31 March 2009 had no interest in the shares of the Company

International Financial Reporting Standards ("IFRS")

For 2010, as an AIM listed company, the company is obliged to prepare its consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS Previously the company prepared its audited annual financial statements under United Kingdom Generally Accepted Accounting Practice (UK GAAP) These are the group's third IFRS financial statements Details regarding the IFRS compliance and applicability are set out in Note 2 1 to the financial statements

Disclosure of information to the auditors

The directors in office at the date of this Report have each confirmed that

- so far as he or she is aware, there is no relevant audit information of which the company's auditors are unaware, and
- he or she has taken all the steps that he or she ought to have taken as a Director to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information

This confirmation is given in and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006

Auditors

The auditors, Ernst & Young, Chartered Accountants, have expressed their willingness to continue in office as auditors and in accordance with Section 485 of the Companies Act 2006, a resolution proposing their re-reappointment will be submitted at the Annual General Meeting

Nominated advisors

Deloitte LLP continue to act as Company's Nominated Advisors and during the year the Company has complied with all listing regulations

Special business

Your attention is drawn to the fact that, in addition to the usual business to be transacted at the Annual General Meeting of the Company, which is to be held on 24 September 2010, some items of special business will be proposed at that meeting Details of these items of special business will be set out in the notice of Annual General Meeting, which will be enclosed with the Annual Report to be sent to shareholders

Statement of Directors' responsibilities in respect of the Annual Report and the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union

The directors are responsible for preparing financial statements for each financial year, which give a true and fair view, in accordance with IFRS, of the state of affairs of the Company and Group 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 estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The directors confirm that they have complied with the above requirements in preparing the financial statements

The directors are responsible for keeping proper accounting records that 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 are prepared in accordance with International Financial Reporting Standards (IFRS) and 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

The directors are responsible for the update, maintenance and integrity of the corporate and financial information included on the Company's website Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

By order of the Board

Vinay Ranade
Chief Executive Officer & Company Secretary
30 August 2010

Corporate governance

The Board has established an Audit Committee, Remuneration Committee and Nominations Committee with formally delegated duties and responsibilities

The Audit Committee consists of all the independent Non-Executive Directors and is chaired by Mr Dileep Choksi The Audit Committee normally meets twice a year and has responsibility for, among other things, planning and reviewing the annual report and accounts and interim statements and involving, where appropriate, the auditors The Committee also approves auditors' fees, reviews auditor independence and focuses on compliance with legal requirements and accounting standards It is also responsible for ensuring that an effective system of internal controls is maintained The ultimate responsibility for reviewing and approving the annual accounts and interim statement remains with the Board

The Remuneration Committee is made up of all the independent Non-Executive Directors and is chaired by Dr R A Mashelkar The Remuneration Committee, which meets as required, but at least once a year, has responsibility for making recommendations to the Board on the compensation of senior executives and determining, within agreed terms of reference, the specific remuneration packages for each of the Executive Directors

The Nominations Committee comprises the Chairman and all of the independent Non-Executive Directors and is chaired by Dr R A Mashelkar The Nominations Committee has responsibility for reviewing the size and composition of the Board and the appointment of replacement and or additional directors and making appropriate recommendations to the Board

By order of the Board

Vinay Ranade
Chief Executive Officer
30 August 2010

ERNST & YOUNG

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RELIANCE GENEMEDIX PLC

We have audited the financial statements of Reliance GeneMedix plc for the year ended 31 March 2010 which comprise the Group and Parent Company Statements of Financial Position, the Group Statement of Comprehensive Income, the Group and Parent Company Statements of Cash Flows, the Group and Parent Company Statements of Changes in Equity and the related notes 1 to 33 The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 11, 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 Ethical Standards for Auditors

Scope of the audit

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2010 and of the group's and the parent company's loss for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation

Opinion on other matters prescribed by the Companies Act 2006

In our opinion

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006, and
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

ERNST & YOUNG

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RELIANCE GENEMEDIX PLC (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following

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 parent company financial statements and the part of the Directors' Remuneration Report to be audited 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

Annaville House
Newtown
Waterford
Ireland

William Galloway (Senior statutory auditor)

for and on behalf of Ernst & Young, Statutory Auditor

Date 30 August 2010

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2010

	Notes	Year ended 31 Mar 2010 €'000	Year ended 31 Mar 2009 €'000
Continuing operations			
Revenue		**410**	608
Cost of sales		**(410)**	(608)
Gross profit		**-**	-
Research and development costs		**(170)**	(423)
Administrative expenses		**(2,055)**	(3,591)
Operating loss		**(2,225)**	(4,014)
Finance income	6	**1**	34
Finance costs	7	**(283)**	(85)
Other income	8	**3**	-
Loss before taxation		**(2,504)**	(4,065)
Taxation	13	**960**	1,297
Loss for the year attributable to equity holders of the parent	12	**(1,544)**	(2,768)
Other comprehensive income			
Other comprehensive income for the year, net of tax		**-**	-
Total comprehensive income for the year, net of tax		**(1,544)**	(2,768)
Loss per ordinary share			
Basic	15	**(0 9c)**	(1 8c)
Diluted	15	**(0 9c)**	(1 8c)

Consolidated Statement of Financial Position : Registered in England No. 03467317

As at 31 March 2010

	Notes	**31 Mar 2010 €'000**	31 Mar 2009 €'000
ASSETS			
Non-current assets			
Intangible assets	16	**12,620**	8,246
Property, plant and equipment	17	**2,571**	3,521
Investment at cost	18	**10**	10
Deferred tax asset	13	**2,690**	1,730
		17,891	13,507
Current assets			
Inventories	19	**345**	647
Trade and other receivables	20	**238**	768
Restricted cash	27	**184**	176
Cash and cash equivalents	27	**134**	169
		901	1,760
LIABILITIES			
Current liabilities			
Trade and other payables	21	**(1,819)**	(2,512)
Borrowings	22	**(1,080)**	(1,032)
		(2,899)	(3,544)
Net current liabilities		**(1,998)**	(1,784)
Total assets less current liabilities		**15,893**	11,723
Non-current liabilities			
Trade and other payables	21	**(229)**	-
Borrowings	22	**(5,485)**	-
		(5,714)	-
Net assets		**10,179**	**11,723**
Shareholders' equity			
Share capital	23	**26,412**	22,305
Share premium	23	**41,601**	39,538
Shares to be issued	23	**-**	5,134
Other reserves	25	**2,941**	3,977
Retained losses		**(60,775)**	(59,231)
Total equity attributable to equity holders of the parent		**10,179**	11,723

The financial statements on pages 22 to 60 were approved by the Board of Directors on 26 August 2010 and were signed on its behalf by

Vinay Ranade
Director

Company Statement of Financial Position : Registered in England No. 03467317

As at 31 March 2010

	Notes	31 Mar 2010 €'000	31 Mar 2009 €'000
ASSETS			
Non-current assets			
Intangible assets	16	**12,620**	8,246
Property, plant and equipment	17	**2,571**	3,521
Investment at cost	18	**10**	10
Deferred tax assets	13	**2,690**	1,730
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Trade and other receivables	20	**238**	768
Restricted cash	27	**184**	176
Cash and cash equivalents	27	**134**	169
		901	1,760
LIABILITIES			
Current liabilities			
Trade and other payables	21	**(1,819)**	(2,327)
Borrowings	22	**(1,080)**	(1,217)
		(2,899)	(3,544)
Net current liabilities		**(1,998)**	(1,784)
Total assets less current liabilities		**15,893**	11,723
Non-current liabilities			
Trade and other payables	21	**(229)**	-
Borrowings	22	**(5,485)**	-
		(5,714)	-
Net assets		**10,179**	**11,723**
Shareholders' equity			
Share capital	23	**26,412**	22,305
Share premium	23	**41,601**	39,538
Shares to be issued	23	**-**	5,134
Other reserves	25	**2,941**	3,977
Retained losses		**(60,775)**	(59,231)
Total equity attributable to equity holders of the parent		**10,179**	11,723

The financial statements on pages 22 to 60 were approved by the Board of Directors on 26 August 2010 and were signed on its behalf by

Vinay Ranade
Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2010

	Notes	Share capital	Share premium	Shares to be issued	Other reserves	Retained losses	Total
		€'000	€'000	€'000	€'000	€'000	€'000
Balance at 01 Apr 2008		**22,305**	**39,538**	**-**	**3,977**	**(56,464)**	**9,356**
Loss for the year		-	-	-	-	(2,768)	(2,768)
Receipts for new shares to be issued	23	-	-	5,134	-	-	5,134
Share-based payment	24	-	-	-	-	1	1
Balance at 31 Mar 2009		**22,305**	**39,538**	**5,134**	**3,977**	**(59,231)**	**11,723**
Loss for the year		-	-	-	-	(1,544)	(1,544)
Shares issued for cash consideration	23	4,107	1,027	(5,134)	-	-	-
Warrant reserve transfer on shares issued	**25**	**-**	**1,036**	**-**	**(1,036)**	**-**	**-**
Balance at 31 Mar 2010		**26,412**	**41,601**	**-**	**2,941**	**(60,775)**	**10,179**

Company Statement of Changes in Equity

For the year ended 31 March 2010

	Notes	Share capital	Share premium	Shares to be issued	Other reserves	Retained losses	Total
		€'000	€'000	€'000	€'000	€'000	€'000
Balance at 01 Apr 2008		**22,305**	**39,538**	**-**	**3,977**	**(56,464)**	**9,356**
Loss for the year		-	-	-	-	(2,768)	(2,768)
Receipts for new shares to be issued	23	-	-	5,134	-	-	5,134
Share-based payment	24	-	-	-	-	1	1
Balance at 31 Mar 2009		**22,305**	**39,538**	**5,134**	**3,977**	**(59,231)**	**11,723**
Loss for the year		-	-	-	-	(1,544)	(1,544)
Shares issued for cash consideration	23	4,107	1,027	(5,134)	-	-	-
Warrant reserve transfer on shares issued	**25**	**-**	**1,036**	**-**	**(1,036)**	**-**	**-**
Balance at 31 Mar 2010		**26,412**	**41,601**	**-**	**2,941**	**(60,775)**	**10,179**

Consolidated Cash Flow Statement
For the year ended 31 March 2010

	Notes	Year ended 31 Mar 2010 €'000	Year ended 31 Mar 2009 €'000
Cash flow from operating activities			
Cash used in operating activities	26	**(1,292)**	(2,506)
Interest paid		**-**	(1)
Net cash used in operations		**(1,292)**	(2,507)
Cash flows from investing activities			
Payments for plant and equipment		**(62)**	(319)
Receipt for plant and equipment		**24**	-
Payments for intangible assets		**(4,376)**	(5,409)
Interest received		**1**	70
Proceeds from disposal of subsidiary		**191**	-
(increase)/decrease in restricted cash		**(8)**	27
Net cash flows used in from investing activities		**(4,230)**	(5,631)
Cash flows from financing activities			
Proceeds from exercising share warrants (shares to be issued)		**-**	5,134
Proceeds for borrowings		**5,485**	-
		5,485	5,134
Net decrease in cash and cash equivalents		**(37)**	(3,004)
Cash and cash equivalents at the beginning of year	27	**169**	3,309
Net currency translation effect		**2**	(136)
Cash and cash equivalents	27	**134**	169

Company Cash Flow Statement

For the year ended 31 March 2010

	Notes	Year ended 31 Mar 2010 €'000	Year ended 31 Mar 2009 €'000
Cash flow from operating activities			
Cash used in operating activities	26	**(1,292)**	(2,506)
Interest paid		**-**	(1)
Net cash used in operations		**(1,292)**	(2,507)
Cash flows from investing activities			
Payments for plant and equipment		**(62)**	(319)
Receipt for plant and equipment		**24**	-
Payments for intangible assets		**(4,376)**	(5,409)
Interest received		**1**	70
Proceeds from disposal of subsidiary		**191**	-
(Increase)/decrease in restricted cash		**(8)**	27
Net cash flows used in from investing activities		**(4,230)**	(5,631)
Cash flows from financing activities			
Proceeds from exercising share warrants (shares to be issued)		**-**	5,134
Proceeds for borrowings		**5,485**	-
		5,485	5,134
Net decrease in cash and cash equivalents		**(37)**	(3,004)
Cash and cash equivalents at the beginning of year	27	**169**	3,309
Net currency translation effect		**2**	(136)
Cash and cash equivalents	27	**134**	169

Notes to the Consolidated Financial Statements

For the year ended 31 March 2010

1 General information

Reliance GeneMedix plc ('the Company') and its subsidiaries (collectively referred to as 'the Group' or 'RGMX') develop, manufacture and distribute comparable biotechnology pharmaceuticals, 'Biosimilars', which are a generic version of high value therapeutic proteins

The Company is a public limited company incorporated and domiciled in the United Kingdom The address of its registered office is 8th Floor, 105 Wigmore Street, London, W1U 1QY, UK

The Company is a subsidiary of Reliance Life Sciences Private Limited, India

The Company has its primary listing on the Alternative Investment Market (AIM) of the London Stock Exchange

These group consolidated financial statements were authorised for issue by the board of directors on 26 August 2010

At the date of authorisation of these financial statements, there were Standards and Interpretations in issue but not yet effective which have not been applied Further details are included in Note 2 1

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below These policies have been consistently applied to all the years presented, unless otherwise stated

2 1. Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") adopted by the European Union, which comprises standards and interpretations approved by the International Accounting Standards Board ("IASB") and with those parts of Companies Act 2006 applicable to companies reporting under IFRS

All IFRSs issued by the International Accounting Standards Board ("IASB") that were effective at the time of preparing the financial statements and adopted by the European Commission for use inside the EU were applied by Reliance GeneMedix plc These financial statements have been prepared under the historical cost convention

Use of estimates and judgements

The preparation of the financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may ultimately differ from those estimates The areas involving higher degree of judgement or complexity, or areas where assumptions and estimates are significant to these financial statements are disclosed in Note 4 Critical accounting estimates and judgements

Notes to the Consolidated Financial Statements – Continued

Going concern

The Company's business activities, together with the factors likely to affect its future development and position, are set out in the Chief Executive's statement on page 3 and in the Directors' Report on pages 7 and 8 In addition Note 3 1 sets out the Company's financial risk factors and how these are managed, while Note 3 2 sets out the Company's capital risk management process

The Company will require additional funds for operations and to enable it to complete product development upto the point of commercialization The directors have assessed the feasibility of the potential approaches to issuing new ordinary shares, loans, renegotiating or refinancing the convertible loan note as well as available funding from its parent company, Reliance Life Sciences Private Limited

The Company is in receipt of a letter of support from its parent company Reliance Life Sciences Private Limited

Having assessed the response of Reliance Life Sciences Private Limited to their enquiries and based on their knowledge of the financial situation of RLS group, the Company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future Thus the "Going Concern" basis is adopted in preparing the annual financial statements The financial statements do not reflect any adjustments that would be required to be made if they were to be prepared on a basis other than a going concern basis

New accounting standards

(a) Standards, amendment and interpretations effective in this financial year

- IAS 1 (Amendment), 'Presentation of financial statements' has been revised and now requires the separation of owner and non-owner changes in equity and the presentation of a statement of changes in equity as a primary statement (the information contained in this statement had previously been provided by the Group in the notes to the Consolidated Financial Statements) The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented in a reconciliation of each component of equity The revised standard also introduces the statement of comprehensive income, it presents all items of recognised income and expense, either in one single statement, or two linked statements The Group has elected to present one statement, the Consolidated Statement of Comprehensive Income (similar to the Statement of Recognised Income and Expense previously provided except that taxation relating to equity items is now shown within the Consolidated Statement of Changes in Equity) The group have applied IAS 1 (Amendment) from 1 April 2009

- IFRS 2 (Amendment), 'Share-based payment' relating to vesting conditions and cancellations The amendment applied from 1 April 2009 and specifies that all cancellations of share-based payment arrangements, including those by an employee or other counterparty, should receive the same accounting treatment of requiring immediate recognition in the income statement of the charge that would otherwise have been recognised over the remainder of the service period This implementation has had no impact on the results or net assets of the group or Company

- IFRS 8, 'Operating segments' replaces IAS 14 The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes The group concluded that the operating segments determined in accordance with IFRS 8 are the same as the business segments previously identified under IAS 14

(b) *Standards, amendment and interpretations effective in this financial year but not relevant*

- IAS 23 (Amendment), 'Borrowing costs' requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset The option of immediately expensing those borrowing costs are removed The group applied IAS 23 (Amended) from 1 April 2009 but it is currently not applicable to the group as there are no borrowing costs relating to qualifying assets

- IAS 27 (Amendment), 'Consolidated and separate financial statements' deals with the measurement of the cost of investments in subsidiaries, jointly controlled entities and associates IAS 32 (Amendment) Financial Instruments Presentation and IAS 1 (Amendment) Presentation of Financial Statements, 'Puttable financial instruments and obligations arising on liquidation'

- IFRIC 16 – 'Hedges to a Net Investment in a Foreign Operation',

- IAS 39 (Amendment), 'Eligible hedge items',

- IFRIC 18 – 'Transfers of Assets from Customers'

(c) *Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the group*

The following standards, amendments and interpretations to existing standards have been published and are mandatory for the group's accounting periods beginning on or after 1 January 2009 or later periods, but the group has not early adopted them

- IFRS 3 (Amendment), 'Business combinations' The amendment will apply to business combinations arising from 1 January 2010 Amongst other changes, the new Standard will require recognition of subsequent changes in the fair value of contingent consideration in the income statement rather than against goodwill, and transaction costs to be recognised immediately in the income statement Fair value gains or losses on existing investments in an acquired company will be recognised in the income statement at the date of acquisition The group will apply IFRS 3 (Amended) from 1 April 2010

- IFRS 3 (Amended) and IAS 27 (Amended) will both be applied prospectively to transactions occurring after the implementation date It is therefore not possible to assess in advance their impact on the financial statements of the Group

(d) *Interpretations to existing standards that are not yet effective and not relevant for the group's operations*

The following interpretations to existing standards have been published and are mandatory for the group's accounting periods beginning on or after 1 April 2010 or later periods but are not relevant for the group's operations

- IFRIC 15, 'Agreements for the Construction of Real Estate',

- IFRIC 17 – 'Distribution of Non-cash Assets to Owners',

(e) *Company income statement*

In accordance with the provisions of section 408 of the Companies Act 2006, no separate income statement has been presented for the Company The results for the Company are also presented under IFRS

2.2 Consolidation

The underlying financial statements comprise a consolidation of the accounts of the Company and all its subsidiaries The results of the branch activities are included in the results of the company There are no trading entities consolidated and hence there is no difference between consolidated and company accounts The accounts are made up to 31 March

(a) Subsidiaries

Subsidiaries are all entities over which the Group has control Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities Subsidiaries are fully consolidated from the date on which control is transferred to the Group They are de-consolidated from the date on which control ceases The results of subsidiaries acquired or disposed during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate

The Group uses the purchase method to account for the acquisition of subsidiaries The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the business combination Identifiable assets acquired and liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 Business combinations are recognised at their fair values at the acquisition date If the conditions of Section 612 of the Companies Act 2006 are met, merger relief is taken on the issue of shares and a merger reserve is recognised The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill If the cost of acquisition is less than the fair value of the Group's share of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred Subsidiaries' accounting policies have been changed where necessary to ensure consistency with the policies adopted by the Group

(b) Transactions and minority interests

The group applies a policy of treating transactions with minority interests as transactions with parties external to the group Disposals to minority interests result in gains and losses for the group that are recorded in the income statement Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary

2.3 Revenue Recognition

Revenues principally comprise income from sales of product manufactured Revenues are recognised upon transfer to the customer of significant risks and rewards, usually upon despatch of goods shipped where the sales price is agreed and collectability is reasonably assured

2 4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency') The consolidated financial statements are presented in Euro ('€'), which is the company's presentation currency and are rounded to €'000s All monetary assets and liabilities denominated in Pound Sterling as on 31 March 2010 have been converted to

Euro at an exchange rate of 1 12411 and other Pound Sterling assets and liabilities have been converted to Euro at historical rates Further details are shown in Note 4 3

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined

(c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows

- assets and liabilities for each Statement of Financial Position presented are translated at the closing rate at the date of that Statement of Financial Position,

- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions), and

- all resulting exchange differences are recognised in Other Comprehensive Income

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to recognised in Other Comprehensive Income Where branch/subsidiaries are funded centrally, using long-term intercompany loans and settlement of these loans is neither planned nor likely to occur in the foreseeable future, they are treated as a deduction in arriving at the net investment and related exchange translation differences are taken to reserves When a foreign operation is disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale

2 5. Property, plant and equipment

Property, plant and equipment is stated at the cost of purchase or construction less provision for depreciation and impairment The cost of property, plant and equipment includes acquisition costs and labour and overhead costs arising directly from the construction or acquisition of an item of property, plant and equipment

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably All other repairs and maintenance expenditures are charged to the income statement during the financial year in which they are incurred

Property, plant and equipment depreciation is provided on the difference between the cost of an item and its estimated residual value, in equal annual instalments over the estimated useful lives of the assets as follows

Plant and machinery	10%–20%
Office equipment	10%–20%
Fixtures and fittings	10%–20%
Leasehold improvements/land and buildings	10%–20%

Assets in the course of construction are depreciated when they have been brought into operational use

Residual values of assets and their useful lives are reviewed, and adjusted if appropriate, at each Statement of Financial Position date An impairment loss is recognised for the amount by which an asset's carrying amount exceeds its recoverable amount The recoverable amount is the higher of an asset's fair value less costs to sale and value in use

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount and are included in the income statement

2.6. Intangible assets

a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition Goodwill on acquisitions of subsidiaries is included in 'intangible assets' Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses Impairment losses on goodwill are not reversed Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold

b) Licences and technical knowhow

Acquired technical knowhow and licences are shown at historical cost Technical knowhow and licences have a finite useful life and are carried at cost less accumulated amortisation Amortisation is calculated using the straight-line method to allocate the cost of technical knowhow licences over their estimated useful lives (15 years)

c) Research and development

Research expenditure is charged to the income statement in the period in which it is incurred Development expenditure is capitalised when the criteria for recognising it as an asset are met —

- 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 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
- The ability to measure reliably the expenditure attributable to the intangible asset

Research and development expenditure that does not create, produce or prepare an asset for future use is expensed as incurred Further details are included in Note 4 1

Where development costs are capitalised they are amortised over their useful economic lives (10 years) from product launch Useful economic life has been based on the estimated life cycle for products under development Prior to product launch the asset is tested annually for impairment

2.7. Impairment of assets

Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount The recoverable amount is the higher of an asset's fair value less costs to sell and value in use Any impairment loss is charged to the income statement in the year concerned For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash generating units)

The expected cash flows generated by the assets are discounted using asset specific discount rates which reflect the risks associated with the groups of assets

2 8 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market They are included in current assets, except for maturities greater than 12 months after the Statement of Financial Position date These are classified as non-current assets The group's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the Statement of Financial Position (Note 2 10)

Other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment A provision for impairment of other receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 30 days overdue) are considered indicators that the other receivable is impaired The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within 'administrative expenses' When another receivable is uncollectible, it is written off against the allowance account for other receivables Subsequent recoveries of amounts previously written off are credited against 'administrative expenses' in the income statement

2.9 Inventories

Inventories are stated at the lower of cost and net realisable value Cost is determined using the first in, first out (FIFO) method The cost of finished goods comprises raw materials, direct labour, other direct costs and an appropriate proportion of related production overheads, based on the normal level of production capacity Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses Provision is made for obsolete, slow-moving or defective items where appropriate

2 10 Cash and cash equivalents

Cash and cash equivalents are cash in hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value Cash and cash equivalents are carried in the Statement of Financial Position at amortised cost For the purposes of the cash flow statement, net cash and cash equivalents comprise cash at bank and in hand and short-term deposits

Restricted cash is carried in the Statement of Financial Position at amortised cost Restricted cash comprises reserve funds required for financial guarantee contracts and collateral against certain operating leases

2.11. Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method

2 12. Borrowings

(a) Loans

Obligations for loans are recognised when the Group becomes party to the related contracts and are measured initially at fair value less directly attributable transaction costs After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method Gains and losses arising on the repurchase, settlement or other cancellation of liabilities are recognised respectively in finance revenue and finance cost

(b) Convertible loan note

Convertible loan note is separated into liability and equity components based on the terms of issue

On issuance of the convertible loan note, the fair value of the liability portion is determined by applying a market interest rate for an equivalent non-convertible loan note to the forecast cash flows under the convertible loan note agreement This amount is recorded as a financial liability on an amortised cost basis until extinguished on conversion or redemption of the loan notes

The remainder of the proceeds of the loan note is allocated to the conversion option which is recognised and included in shareholders' equity The value of the conversion option is not changed in subsequent periods

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the Statement of Financial Position date

(c) De-recognition of financial liabilities

A financial liability is generally derecognised when the contract that gives rise to it is settled, sold, cancelled or expires

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised in profit or loss

2.13 Leases

Lease agreements which transfer to the Group substantially all the risks and rewards of ownership of an asset are classified as finance leases Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property, plant and equipment and the present value of minimum lease payments Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate of interest on the finance balance outstanding The corresponding rental obligations, net of finance charges, are included in other long-term payables These payments are split between capital and interest elements using the annuity method The interest element of the lease rental is included in the income statement Assets held under finance leases are depreciated on a basis consistent with similar owned assets or the lease term if shorter

All other leases are classified as operating leases Payments made under operating leases, net of lease incentives or premiums received, are charged to the income statement on a straight-line basis over the period of the lease

2 14. Employee benefits

(a) Pension obligations

The Group operates a defined contribution plan for its employees The Group's contributions to this plan are charged to the income statement in the period to which they relate The Group contributes a sum equal to a proportion of basic salary (currently a maximum of 7%) to a personal defined contribution pension scheme on behalf of each participating employee each month The Group has no further payment obligations once the contributions have been paid

(b) Share-based compensation

Incentives in the form of shares are provided to employees under share option and long-term incentive plans In accordance with IFRS 2 Share-based Payment, charges for these incentives are expensed through the income statement on a straight-line basis over their vesting period, based on the Group's estimate of shares that will eventually vest The total amount to be expensed is determined by reference to the fair value of the options or awards at the date they were granted excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets) Non-market vesting conditions are included in estimates about the number of options that are expected to become exercisable or are released

At each Statement of Financial Position date, the entity revises its estimates of the number of options that are expected to become exercisable It recognises the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity over the remaining vesting period

In the event of an individual's employment being terminated by the company, any unvested options at the date of termination are treated as being forfeited

(c) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits The Group recognises termination benefits when it is demonstrably committed to either (i) terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal, or (ii) providing termination benefits as a result of an offer made to encourage voluntary redundancy Benefits falling due more than 12 months after the Statement of Financial Position date are discounted to present value

(d) Holiday pay

The Group's holiday period runs for each financial year and the Group allows employees to carry over holidays into the next year as long as they are used by 30 September of that year An accrual is made for any unused holidays at the year end

(e) Profit-sharing and bonus plan

The group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustments The group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation

2 15 Provisions

Provisions for legal claims are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation The increase in the provision due to passage of time is recognised as interest expense

2 16. 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 the proceeds

Where any Group company purchases the Company's equity share capital (treasury shares) the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled, reissued or disposed of Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders

2.17 Warrants

The Company does not reclassify a warrant instrument following a change of circumstances which, had it occurred before initial recognition of the warrant instrument, would have changed its classification

2.18. Taxation

(a) Current tax

Current tax is the expected tax payable on the taxable income for the year using the tax rates and laws that have been enacted or substantially enacted at the Statement of Financial Position date in the countries where the group's branch and subsidiaries operate and generate taxable income, and any adjustment to tax payable in respect of previous years

(b) Deferred tax

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements However, the deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the Statement of Financial Position date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised

Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future

(c) Research and development tax credits/relief

The Group makes claims each year for Research and Development Tax relief In the past the Group elected to take the cash equivalent amount under the Small/Medium Enterprise ("SME") scheme Since acquisition by Reliance Life Sciences in 2007, it is not eligible for claiming cash equivalent under the SME scheme and hence has elected for tax loss enhancement for the current year under the large company scheme

3 Financial risk management

3 1 Financial risk factors

The Group holds financial instruments to finance its operations and to manage the currency risk that arises from these operations It is the Group's policy that no speculative trading in financial instruments shall be undertaken The Group finances its operations through a combination of equity, bridge loans and convertible loan notes as disclosed in Note 22 Borrowings The main risks arising from the Group's financial instruments are liquidity risk, market risk, and credit risk

a) Market risk

Foreign currency exchange risk

The Group is exposed to movements in foreign exchange rates against the Euro for trading transactions and the translation of net assets, liabilities and expenses of UK entity and subsidiaries The main trading currencies of the Group are Pound Sterling and the Euro (2009 Pound Sterling and the Euro)

The group has certain minor investments in foreign operations, whose net assets are exposed to foreign currency translation risk Currency exposure arising from the net assets of the group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies

Almost all of the Group's operations are based in Ireland and UK giving rise to exposures to changes in foreign exchange rates between the Euro and the Pound Sterling To minimise the impact of any fluctuations, the Group's policy has historically been to maintain natural hedges by relating the structure of borrowings to the trading cash flows that generate them

The aggregate carrying amounts of foreign currency denominated monetary assets and liabilities held by the Group, which are not denominated in its functional currency, as at the reporting date are as follows

	2010		2009	
	Liabilities	Assets	Liabilities	Assets
	€'000	€'(	€'000	€'000
Pound Sterling	(1,848	2	(1,666)	380
Chinese Renminbi	-		-	202

The Group is mainly exposed to the Pound Sterling In addition, the Group is exposed to cross currency rates, as operating costs of the UK entity and subsidiaries are often in currencies other than their functional currency

The following table details the Group's loss before tax sensitivity to a 10% increase and decrease in Euro as at the Statement of Financial Position date against the relevant foreign currencies, with all other variables held constant It includes foreign currency denominated monetary items and adjusts their translation at the yearend for a 10% change in foreign currency rates A positive number indicates a strengthening of the relevant currency For a weakening there would be an equal and opposite impact on the loss, and the balances below would be reversed

	€/£
	€'000
2010	**(164)**
2009	(129)

At 31 March 2010, if the currency had weakened/strengthened by 10% against the Euro with all other variables held constant, loss for the year would have been €170,072 (2009 €121,683) higher/lower, mainly as a result of foreign exchange gains/losses on translation of Pound Sterling denominated 'borrowings' Loss is more sensitive to movement in currency/Euro exchange rates in 2010 than 2009 because of the depreciation in value of Pound Sterling and US dollar

Price risk

The Group is exposed to commodity price risk including labour and material costs The group addresses the materials price risk through competitive and alternate sourcing strategies Though the group has little control over the labour price risk, the extent of variation is monitored continuously to assess its impact on budget and product / project costing

Interest rate risk

The Group borrows at fixed and floating rates of interest as deemed appropriate for its circumstances All borrowings are at fixed rates, but deposits are at floating rates the Group is therefore exposed to interest rate risk

The Group's exposure to interest rates on financial assets and liabilities is detailed in Note 22 Borrowings The sensitivity analysis has been prepared to show the effect of a 1% increase in market interest rates on interest income and expense For floating rate financial assets the analysis is prepared assuming the amount of asset was outstanding as at 31 March 2010 A 1% decrease would have an equal and opposite effect on the change in loss

	Effect on loss before tax	
	31 March 2010	31 March 2009
	€'000	€'000
Pound Sterling	**2**	2
Euro	**1**	1

Credit risk

Financial instruments that potentially expose the Group to concentrations of credit risk consist primarily of cash and cash equivalents, restricted cash and other receivable Cash and cash equivalents present minimal risk Excess cash is invested in short-term money market instruments, including bank term deposits, money market and liquidity funds These investments typically bear minimal risk

The Group's revenue from product sales are likely to be mainly derived from agreements with major pharmaceutical companies and relationships with pharmaceutical wholesale distributors and retail pharmacy chains However, for the year to 31 March 2010, there was no significant revenue generated from product sales or licensing, so no 'trade receivable' credit risk issue arose The Group will take positive steps to manage any credit risk associated with future trade account receivable and operates clearly defined credit evaluation procedures

With respect to credit risk arising from other financial assets in the Group, the maximum exposure is equal to the carrying value of the instrument

b) Liquidity risk

The Group's policy is to maintain continuity of funding through a mixture of long-term debt and bank loans, raised to cover specific projects, and through the issue of shares to collaborative partners, where necessary, to finance development contracts Short-term flexibility is provided through the use of bridge loans and bank overdrafts

As set out in Note 22 Borrowings, the Group has in issue €1 5 million convertible loan note which should have been redeemed at par on 30 August 2008 The Directors have carried out a detailed appraisal of a number of potential approaches to renegotiate or refinance the loan note The details about how the company plans to continue to operate in future can be found in Note 2 1 under "Going concern"

The maturity of the debt is disclosed in Note 22 Borrowings

Management monitors rolling forecasts of the group's liquidity reserve (comprises equity raisings, debenture loan notes and loans) (Financial review in directors report) and cash and cash equivalents (Note 27) on the basis of expected cash flow

Forecasted liquidity reserve per 31 March 2010 based on business plan projections is as follows.

	2011	2012-2015
	€'000	€'000
Opening balance for the year	134	50
Operating proceeds	939	131,555
Operating cash outflows	(3,577)	(106,594)
Capital expenditure	(3,596)	-
Financing proceeds	6,150	3,530
Net cash generated from operating activities	50	28,541

3.2 Capital risk management

The capital structure of the Group consists of debts, which includes the borrowings disclosed in Note 22, cash and cash equivalents in Note 27 and capital, reserves and retained losses are disclosed in the 'Consolidated and Company Statement of Changes in Equity' and Note 25 The Group manages its capital to ensure that in the future, the Group will be able to continue as going concern and to ensure the Group has sufficient capital available to meet future funding requirements

The Group is not subject to any externally imposed capital requirements

Notes to the Consolidated Financial Statements – Continued

3.3 Fair value estimation

The nominal value less estimated credit adjustments of other receivables and trade payables are assumed to approximate to their fair values The fair value of the liabilities for disclosure purposes is estimated by discounting the future cash flows at the current market interest rates that are available to the Group for similar financial instruments

At 31 March 2010, the group had 4% convertible loan stock of €1 3 million, which had a carrying value of €1 3 million (2009 €1 2 million) and 7% unsecured loan of €5 7 million, which had a carrying value of €5 7 million As the 4% convertible loan stock was unique to the Group, the Directors decide to estimate its fair value using a discounted cash flow analysis The fair value of unsecured loan is deemed to be the book value Further details are shown in Note 4 5 and 22

4 Critical accounting estimates and judgements

The preparation of the financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses The Notes to the financial statements set out areas involving a higher degree of judgment or complexity, or areas where assumptions are significant to the financial statements such as intangible assets (Note 16) The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources Actual results may differ from these estimates

The estimates and underlying assumptions are reviewed on an ongoing basis Revisions to accounting estimates are recognised in the year in which the estimate is revised

4.1. Intangible assets – development costs

Expenditure on pure and applied research is charged to the income statement in the year in which it is incurred Internally generated expenditure arising from development (or from the development phase of an internal project) may be capitalised if it satisfies all of the criteria as specified in IAS 38 "Intangible assets" summarised in Note 2 6

Further to meeting these criteria, only such costs that relate solely to the development phase of a self-initiated project are capitalised Any costs that are classified as part of the research phase of a self-initiated project are expensed as incurred If the research phase cannot be clearly distinguished from the development phase, the respective project related costs are treated as if they were incurred in the research phase only

Expenditure on product development is capitalised as an intangible asset and amortised over the expected useful life of the product concerned Capitalisation commences from the point at which technical feasibility, commercial viability and resource availability of the product can be demonstrated and the group is satisfied that it is probable that future economic benefit will result from the product once completed Capitalisation ceases when the product is ready for launch

The Directors believe that the Group met the recognition criteria stated in IAS 38 "Intangible assets" from 1 September 2007, therefore, €4 4 million (2009 €5 4 million) of development costs incurred during the year have been capitalised as an intangible asset

Management made a decision to capitalise the expenditure on EPO development from the date of receipt of approval for conducting EPO confirmatory clinical trials in Poland So from September 2007 all EPO related development costs are capitalised A total of €4 4 million of EPO development costs incurred during the year have been capitalised as an intangible asset

All other development costs incurred were expensed as incurred during the year

Estimated impairment of intangible assets – Development costs

The Group tests annually whether intangible assets have suffered any impairment, in accordance with the accounting policy stated in Note 2 6 The recoverable amounts of cash-generating units have been determined based on value-in-use calculations which are derived from business plan projections of the Group Business plan projections have been worked out using various assumptions which include projected market share of the company's products These calculations require the use of estimates

The Group uses a discounted cash flow model to value intangible assets, which requires assumptions about the timing and amount of future cash inflows and outflow risk, the cost of capital and terminal value The discounted rate of 10% is considered for the purpose Each of these assumptions is significant to the value of the intangible assets The Group reviews intangible assets for impairment, if there is an indication of impairment or annually if required, in accordance with IAS 36 'Impairment of Assets' A prolonged general economic downturn, new products, sustained government pressure on prices and specifically, competitive pricing, could create an imbalance of industry supply and demand, or otherwise diminish volumes or profits Such events, combined with changes in interests, and changes to or the potential delay of the development project to which the intangible asset relates, could adversely affect the Group's valuation of the estimated future net cash flows generated by its intangible assets As a result, future operating results could be materially and adversely affected by impairment charges related to the recoverability of intangible assets

In the year to 31 March 2010, there is no change to the estimated future net cash flows from Epostim®

Even if the estimated Group's pre-tax discount rate applied to the discounted cash flows for Epostim® product had been 15% higher than management's estimates (for example, 25% instead of 10%), with all other variables held constant, the Group would not have to recognise an impairment against intangible assets

4 2 Amortisation lives

Other intangible assets are recorded at their fair value at acquisition date and are amortised on a straight-line basis over their estimated useful economic lives from the time they are available for use Any change in the estimated useful economic lives could affect the future results of the Group

4.3 Functional currency

The Directors consider the suggested factors under IAS 21 that are relevant in determining the functional currency for each individual entity within the Group

The Company's functional currency is Euro The directors will continue to monitor the changes in underlying economic environments with regard to functional currency in the future

4 4. Share-based payments

RGMX has historically granted options to the Group's Directors and employees over ordinary shares under two share option plans

The Group accounts for share-based compensation in accordance with IFRS 2, 'Share-based Payment'

The Group measures share-based compensation cost for awards classified as equity at the grant date, based on the estimated fair value of the award, and recognizes the cost as an expense on a straight-line basis (net of estimated forfeitures) over the employee requisite service year The Group measures share-based compensation cost for awards classified as liabilities at fair value, which is re-measured at the end of each reporting year

The Group estimates the fair value of share-based awards without market-based performance conditions using a Black-Scholes valuation model and awards with market-based performance conditions are valued using a binomial valuation model

Several critical assumptions are made in the determination of the Group's share-based compensation cost The Group believes that the most critical assumptions are the expected life of the award and the weighted average volatility of the Reliance GeneMedix's shares Other assumptions made by the Group in respect of the determination of share-based compensation cost include the risk free rate, the expected dividend yield and the expected forfeiture rate

The Group's estimate of the expected life of the award is based on the 'simplified' method and the weighted average volatility is based upon historical share price data of the Company's shares for the requisite expected life of the awards Given the related nature of each of the assumptions underlying the valuation of share-based payment awards, it would not be meaningful to quantify the sensitivity to change for each individual assumption

The Group believes that the valuation technique and the approach utilized to develop the underlying assumptions are appropriate in estimating the fair values of Reliance GeneMedix's share-based payment awards Estimates of fair value are not intended to predict actual future events or the value ultimately realized by employees who receive equity awards, and subsequent events are not indicative of the reasonableness of the original estimates of fair value made by the Group under IFRS 2

4.5. Fair value of financial instrument

The Directors use judgement in selecting an appropriate valuation technique for financial instruments not quoted in an equity market Financial instruments have been valued using a discounted cash flow analysis This valuation requires the Group to make estimates of expected future cash flows and discount rates, which are subject to uncertainty The amounts are disclosed in Note 22

4 6 Contingency and commitments

In the normal course of business, contingent liabilities may arise from litigation and other claims against the Group

Where the potential liabilities are not probable or are very difficult to quantify reliably, the Group treat them as contingent liabilities Such liabilities are disclosed in the notes but are not provided for in the financial statements Although there can be no assurance regarding the final outcome of the legal proceedings, the Directors do not expect them to have a materially adverse impact on the Group's financial position or profitability

Further details are included in Note 29

4 7 Deferred income tax

Deferred tax assets and liabilities require management judgement in determining the amounts to be recognised In particular, significant judgement is used when in assessing the extent to which deferred tax assets should be recognised with consideration given to the timing and level of future taxable income together with any future tax planning strategies

5 Segmental information

The Directors are of the opinion that under IAS 8 – 'Operating Segments' the Group has only one business segment, being drug development (EPO) and there was turnover of € 0 410 million in the year to 31 March 2010 (€ 0 608 in 2009)

Revenue from external customers

	Year ended 31 Mar 2010 €'000	Year ended 31 Mar 2009 €'000
India	**410**	608
	410	608

Revenue information is based on the location of the customer

Information about major customers

Revenue earned from the Group's only customer Reliance Life Sciences P Ltd , India related party

Non-current assets by location

	Year ended 31 Mar 2010 €'000	Year ended 31 Mar 2009 €'000
UK	**322**	439
Ireland	**14,879**	11,338
	15,201	11,777

Non-current assets consist of property, plant and equipment, intangible assets and investments

6 Finance income

	Year ended 31 Mar 2010 €'000	Year ended 31 Mar 2009 €'000
Interest revenue		
Bank deposits	**1**	34

7 Finance costs

	Year ended 31 Mar 2010 €'000	Year ended 31 Mar 2009 €'000
Interest payable		
Bank interest payable	-	(1)
Convertible debenture interest payable	(54)	(84)
Loan interest payable to a related party	(229)	-
	(283)	(85)

8 Other income

	Year ended 31 Mar 2010 €'000	Year ended 31 Mar 2009 €'000
Other income		
Profit on sale of assets	3	-

9 Expense by nature

	Year ended 31 Mar 2010 €'000	Year ended 31 Mar 2009 €'000
Changes in inventories (Note 19)	(302)	127
Raw materials and consumables used in research and development	-	12
Employee benefit expense (Note 12)	593	1,104
Depreciation, amortisation and impairment charges (Note 16 and 17)	993	1,002
Research and non-capitalised development costs	170	411
Operating lease payments (Note 12)	185	277
Foreign exchange loss	206	90
Other expenses	380	991
Total Operating expenses	2,225	4,014

10 Employee, directors and key management

Employees

The average number of persons (including Executive Directors) employed by the Group during the year was

By activities	Year ended 31 Mar 2010 Number	Year ended 31 Mar 2009 Number
Research and development	**19**	40
Administration	**10**	15
	29	55

Aggregate remuneration of Directors

	€'000	€'000
Emoluments	**103**	118
Post-employment benefits* (Note 11)	-	-
Termination payments	-	-
	103	118
Remuneration of each Directors		
Dr R A Mashelkar	**11**	11
Mr Rajendra Lodha	-	4
Mr Atul Dayal	**8**	8
Mr Dileep Choksi	**8**	4
Mr K V Subramaniam	**1**	1
Mr Vinay Ranade	**75**	90

*There are no post-employment benefits accruing to any executive director under a defined contribution scheme

No fees were payable to third parties in respect of Directors' services for either year

The above amounts for remuneration include the following in respect to the highest paid director

	Year ended 31 Mar 2010 €'000	Year ended 31 Mar 2009 €'000
Emoluments	**75**	90
Post-employment benefits (Note 11)	-	-
Termination payments	-	-
	75	90

Aggregate remuneration of key management

	Year ended 31 Mar 2010 €'000	Year ended 31 Mar 2009 €'000
Emoluments	**343**	396
Post-employment benefits (Note 11)	-	18
Share-based payments	-	-
	343	414

The key management figures given above include Executive and Non-Executive Directors

11 Post-employment benefits

The Group operates a defined contribution Group personal pension scheme for employees and Executive Directors The total pension cost for the Group was €2,439 (2009 €126,579) The outstanding pension contributions as at 31 March 2010 were NIL (2009 €23,393) As part of the group restructure, the group negotiated and agreed with employees and Executive Directors not to make any employer's pension contribution for the year except for those employees being made redundant The pension contribution will resume from April 2010

12 Loss for the year

Loss for the year has been arrived at after charging

	Year ended 31 Mar 2010 €'000	Year ended 31 Mar 2009 €'000
Staff costs		
- Wages and salaries	**1,312**	2,454
- Equity-settled share-based payments	**-**	1
- Social security costs	**138**	252
- Post employment benefit – defined contribution plans	**2**	127
- Termination benefits	**(16)**	134
- Other benefits	**21**	33
	1,457	3,001
Less Development payroll costs capitalised as intangible assets	**(864)**	(1,897)
	593	1,104

As part of the group restructure, the group made 18 employees redundant, no contribution was paid to all the pension plans from April 2009 to March 2010

Services provided by the Group's auditors and network firms

It is the Group's policy to employ the auditors on assignments additional to their statutory audit duties where their expertise and experience with the Group are important, principally tax advice and as reporting accountants on significant transactions, or where they are awarded assignments on a competitive basis During the year the Group obtained the following services from the Group's auditors at costs detailed below

Services provided by Group's auditors	Year ended 31 Mar 2010 €'000	Year ended 31 Mar 2009 €'000
Auditors' remuneration for audit services		
- Auditors' fees	**40**	66
- All other services pursuant to legislation	**-**	5
Total Auditors' remuneration	**40**	71

12 Loss for the year (continued)

	Year ended 31 Mar 2010 €'000	Year ended 31 Mar 2009 €'000
Depreciation of property, plant and equipment (Note 17)		
- Owned assets	**991**	999
Impairment of intangible assets (Note 16)		
- Licence fee	**-**	-
Amortisation of intangible assets (Note 16)		
- Know-how	**2**	3
Total depreciation and amortisation expense	**993**	1,002

	€'000	€'000
Operating lease rental		
- Property, plant and equipment	**183**	268
- Others	**2**	9
	185	277

13 Income tax

	Year ended 31 Mar 2010 €'000	Year ended 31 Mar 2009 €'000
Current tax	**-**	
Deferred tax asset recognised	**960**	1,297
	960	1,297

There are tax losses available to be carried forward at 31 March 2010 subject to the agreement of the HM Revenue & Customs The losses are attributable to the parent company and the Ireland branch

13. Income tax (continued)

The tax on the Group's losses before tax differs from the theoretical amount that would arise using the standard rate of corporation tax in the UK of 28%

	Year ended 31 Mar 2010 €'000	Year ended 31 Mar 2009 €'000
Loss for the financial year	**(2,504)**	(4,065)
Loss on ordinary activities multiplied by the standard rate of corporation tax of 28% (2009 28%)	**(701)**	(1,138)
Effects of		
Expenses not deductible for tax purposes	**1**	1
Research & development tax relief	**(631)**	(1,608)
Loss carried forward	**1,680**	2,856
Deferred tax asset arising on losses carried forward	**960**	1,297
Difference between capital allowances and depreciation	**(349)**	(111)
Tax on loss on ordinary activities	**960**	1,297

Deferred tax

The Group has tax losses carried forward at the Statement of Financial Position date, a portion of which have been recognised as a deferred tax asset On the basis of projections it is considered probable that sufficient taxable profits will be available to enable the deferred tax asset to be recovered The projections are on the same basis as those used for the impairment review of the intangible fixed assets (see 4 1 above)

	Year ended 31 Mar 2010 €'000	Year ended 31 Mar 2009 €'000
Opening Balance at 1 April	**1,730**	433
Recognised during the year	**960**	1,297
Closing Balance at 31 March	**2,690**	1,730

A further potential deferred tax asset in the amount of €1,613,557 is not recognised as on the basis of projections it is not considered probable that sufficient taxable profits will be available in the foreseeable future to enable it to be recovered

14 Loss of holding company

Of the loss for the financial year, a deficit of €1,544,354 (2009 a loss of €2,768,044) is dealt with in the accounts of Reliance GeneMedix plc As per section 408 of the Companies Act 2006 the directors have presented a profit and loss account on a consolidated basis only and not for the Company alone The consolidated loss and the Company loss did not differ from one another in either year

15. Loss per ordinary share

Basic loss per share is calculated by dividing the loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period

For diluted loss per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares The group had three classes of dilutive potential ordinary shares during the period, being those share options granted to employees and directors where exercise price is less than the average market price of the Company's ordinary shares during the period, the contingently issuable shares attached to the warrants (see Note 23 for details) and the contingently issuable shares attached to the convertible debentures (see Note 22 for details) Diluted loss per share is equal to basic loss per share as potential ordinary shares are not treated as dilutive since their conversion would not increase loss per share from continuing operations in accordance with IAS 33

	Year ended 31 Mar 20010 Cent	Year ended 31 Mar 2009 Cent
Loss per share		
From continuing and discontinued operations		
- Basic (per share)	**0 9**	1 8
- Diluted (per share)	**0 9**	1 8
From continuing operations		
- Basic (per share)	**0 9**	1 8
- Diluted (per share)	**0 9**	1 8

The earnings and weighted average number of ordinary shares used in the calculation of basic loss per share are as follows

	Basic and diluted	
	Year ended 31 Mar 2010 €'000	Year ended 31 Mar 2009 €'000
Loss for the year	**1,544**	2,768
Loss used in the calculation of total basic loss per share	**1,544**	2,768

The Group has no dilutive potential ordinary shares in issue because it is loss making

Weighted average number of ordinary shares	**Number of shares '000**	Number of shares '000
For basic and diluted loss per share	**164,412**	155,718

15. Loss per ordinary share (continued)

The loss used in the calculation of all diluted loss per share measures are the same as those for the equivalent basic loss per share measures, as outline above

The following potential additional ordinary shares are not dilutive and are therefore excluded from the weighted average number of ordinary shares for the purpose of diluted loss per share

	Basic and diluted	
	Year ended 31 Mar 2010 '000	Year ended 31 Mar 2009 '000
Employee options (Note 24)	**69**	85
Convertible loan notes (Note 22)	**2,190**	2,190
Share warrants (Note 23)	**105,597**	142,440
	107,856	144,715

16 Intangible assets

Group and Company	Know-how €'000	Licence fee €'000	R&D costs[1] €'000	Total €'000
As 1 April 2008				
Cost	48	81	2,809	2,938
Accumulated amortisation	(17)	(81)	-	(98)
Net book amount	**31**	**-**	**2,809**	**2,840**
Year ended 31 March 2009				
Opening net book amount	31	-	2,809	2,840
Additions	-	-	5,409	5,409
Amortisation charge[2] (Note 9 and 12)	(3)	-	-	(3)
Closing net book amount	**28**	**-**	**8,218**	**8,246**
At 31 March 2009				
Cost	48	81	8,218	8,347
Accumulated amortisation and impairment	(20)	(81)	-	(101)
Net book amount	**28**	**-**	**8,218**	**8,246**
Year ended 31 March 2010				
Opening net book amount	28	-	8,218	8,246
Additions	-	-	4,376	4,376
Amortisation charge[2] (Note 9 and 12)	(2)	-	-	(2)
Closing net book amount	**26**	**-**	**12,594**	**12,620**
At 31 March 2010				
Cost	48	81	12,594	12,723
Accumulated amortisation and impairment	(22)	(81)	-	(103)
Net book amount	**26**	**-**	**12,594**	**12,620**

[1] The Company capitalised development costs in the amount of €4 4 million for the year (2009 €5 4 million) as an internally generated intangible asset for EPO programmes The amount of €0 2 million (2009 €0 4 million) was recognised as Research and non-capitalised development cost and charged to operating expenses in the income statement Further details are shown in Note 4 1

[2] Amortisation of €2,469 (2009 €3,183) is included in the 'administrative expenses' in the income statement

[3] There are no intangible assets with indefinite useful lives All amortisation charges in the year have been charged through Administrative expenses

17 Property, plant and equipment

Group and Company	Leasehold improvements / land and buildings €'000	Office equipment €'000	Fixtures and fittings €'000	Plant and machinery €'000	Total €'000
As 1 April 2008					
Cost	4,946	735	147	3,545	9,373
Accumulated depreciation and impairment	(2,703)	(461)	(75)	(1,933)	(5,172)
Net book amount	**2,243**	**274**	**72**	**1,612**	**4,201**
Year ended 31 March 2009					
Opening net book amount	2,243	274	72	1,612	4,201
Additions	61	53	67	138	319
Depreciation charge[1] (Note 9 and 12)	(480)	(130)	(19)	(370)	(999)
Closing net book amount	**1,824**	**197**	**120**	**1,380**	**3,521**
At 31 March 2009					
Cost	5,007	788	214	3,683	9,692
Accumulated depreciation and impairment	(3,183)	(591)	(94)	(2,303)	(6,171)
Net book amount	**1,824**	**197**	**120**	**1,380**	**3,521**
Year ended 31 March 2010					
Opening net book amount	1,824	197	120	1,380	3,521
Additions	-	60	-	2	62
Disposal/Sale	-	-	-	(73)	(73)
Cumulative depreciation on Disposal/Sale	-	-	-	52	52
Depreciation charge[1] (Note 9 and 12)	(480)	(119)	(21)	(371)	(991)
Closing net book amount	**1,344**	**138**	**99**	**990**	**2,571**
At 31 March 2010					
Cost	5,007	848	214	3,612	9,681
Accumulated depreciation and impairment	(3,663)	(710)	(115)	(2,622)	(7,110)
Net book amount	**1,344**	**138**	**99**	**990**	**2,571**

[1] Depreciation expense of €991,479 (2009 €999,238) has been charged in Administrative expenses in the Company's income statement

There is no finance lease rental expense relating to the lease of plant, machinery and equipment included in the income statement Leasehold land and buildings are held under operating leases (Note 12)

18 Investment in subsidiaries

Company	€'000
As at 1 April 2008	
Cost	10
Accumulated amortisation and impairment	-
Net book amount	**10**
Year ended 31 March 2009	
Opening net book amount	10
Acquisition of subsidiary	-
Closing net book amount	**10**
As at 31 March 2009	
Cost	10
Accumulated amortisation and impairment	-
Net book amount	**10**
Year ended 31 March 2010	
Opening net book amount	10
Acquisition of subsidiary	-
Closing net book amount	**10**
As at 31 March 2010	
Cost	10
Accumulated amortisation and impairment	-
Net book amount	**10**

Principal group investments

The parent company has investments in the following subsidiary undertakings

a) GeneMedix Ireland Limited incorporated in Ireland with 50% ordinary shareholding The company is not operational

b) Biometrix Marketing Private Limited incorporated in Singapore with 99% of voting shares ownership (99% of Class A shares – that confers right to vote, dividend, and return of capital upon liquidation, to the extent available, with no right to participate in the surplus assets, if any) Specific objective of the company is to engage in marketing, distribution and sale of all or any of biological, chemical, biochemical, pharmaceutical, pharmacological, medicinal, and related products The accounts of Biometrix Marketing Private Limited are not consolidated with Group accounts in accordance with paragraphs 13, 14 and 15 of IAS 27

19. Inventories

	Group		Company	
	31 Mar 2010	31 Mar 2009	**31 Mar 2010**	31 Mar 2009
	€'000	€'000	**€'000**	€'000
Finished goods – bulk	**110**	367	**110**	367
Raw materials and consumables	**235**	280	**235**	280
	345	647	**345**	647

There is no material difference between the Statement of Financial Position value of stocks and their replacement cost

20 Trade and other receivables

	Group		Company	
	31 Mar 2010	31 Mar 2009	**31 Mar 2010**	31 Mar 2009
	€'000	€'000	**€'000**	€'000
Trade receivables	**159**	175	**159**	175
Amount due on disposal of subsidiary	**-**	202	**-**	202
Other receivables	**15**	307	**15**	307
Prepayments	**64**	84	**64**	84
	238	768	**238**	768

Trade receivables are non-interest bearing and are generally on up to 30 day terms

As at 31 March 2010, no impairment is provided for trade receivables, as the directors believe that full amount will be recovered

The Group considers that the carrying amount of other receivables approximates their fair value

As at 31 March 2010, the aged analysis of trade receivables was as follows

Group and Company	Total	Neither past due nor impaired	Past due but not impaired	
			<30 days	30 – 60 days
	€'000	€'000	€'000	€'000
2010	**159**	**-**	**45**	**114**
2009	175	-	-	175

21 Trade and other payables

	Group		Company	
	31 Mar 2010	31 Mar 2009	**31 Mar 2010**	31 Mar 2009
	€'000	€'000	**€'000**	€'000
Current	**1,379**	1,712	**1,379**	1,712
Trade payables				
Other payables	**24**	400	**24**	400
Accruals	**170**	215	**170**	215
Interest accrued on 4% convertible loan note	**246**	185	**246**	185
	1,819	2,512	**1,819**	2,512

The Group considers that the carrying amount of trade and other payables approximates their fair value

Terms and conditions of the above financial liabilities Trade payables are non-interest bearing and are settled in accordance with the terms and conditions agreed with suppliers, subject to those terms and conditions being fulfilled by the supplier The average credit period on purchase of goods and service is 62 days (2009 70 days) No interest charged on the trade payables for the first 60 days from the date of the invoice

Non-current

Interest accrued on 7% unsecured loan	**229**	-	**229**	-
	229	-	**229**	-

The interest on the unsecured loan reflects the current market rate, therefore, there is no fair value adjustment being made

22 Borrowings

	Group		Company	
	31 Mar 2010	31 Mar 2009	**31 Mar 2010**	31 Mar 2009
	€'000	€'000	**€'000**	€'000
Current				
4% convertible loan note due 2008 – transferred				
from non-current liabilities*	**1,687**	1,687	**1,687**	1,687
Equity component	**(437)**	(437)	**(437)**	(437)
Currency translation difference	**(276)**	(324)	**(276)**	(324)
Amortisation cost	**106**	106	**106**	106
	1,080	1,032	**1,080**	1,032

* The Company is in discussion with the loan note holder with regard to settlement and / or conversion of 4% €1 7 million (denominated in sterling for the amount of £ 1,177,442) The loan note was due in August 2008 and therefore has been included in current borrowings at 31 March 2009 and at 31 March 2010 The equity component of €436,918 has been credited to Capital reserve – see Note 25 The loan note is convertible into 2,189,848 additional Ordinary Shares

22. Borrowing (continued)

	Group		Company	
	31 Mar 2010 €'000	31 Mar 2009 €'000	**31 Mar 2010 €'000**	31 Mar 2009 €'000
Non-current				
7% unsecured loan*	**5,485**	-	**5,485**	-
	5,485	-	**5,485**	-

* On 8 January 2010, the Company entered into a 7% unsecured loan agreement with Reliance Life Sciences P Ltd, India This gives us access to funds of up to €10 million, which the Company could draw down at mutually acceptable times between 1 April 2009 and 31 March 2010 After further negotiation, the period for draw-downs has been extended to 31 March 2011 The total of loans will have to be repaid back in three equal instalments on 31 March 2012, 2013 and 2014

The following tables detail the Group's remaining contractual maturity for its borrowings As required by IFRS 7, the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay The table includes both interest and principal cash flows

Maturity analysis of borrowings

	Less than 3 months €'000	Between 3-12 months €'000	Between 1-2 years €'000	Greater than 2 years €'000	Total €'000
As at 31 March 2010					
4% convertible loan note*	1,570	-	-	-	1,570
7% unsecured loan**	-	-	1,905	3,809	5,714
Total borrowings	**1,570**	**-**	**1,905**	**3,809**	**7,284**
As at 31 March 2009					
4% convertible loan note*	1,450	-	-	-	1,450
Total borrowings	**1,450**	**-**	**-**	**-**	**1,450**

* The Company is in discussion with the note holder with regard to settlement and / or conversion of 4% €1,323,574 (denominated in sterling for the amount of £1,177,442), which fell due at 31 August 2008

The interest charged of the convertible loan note for the year is calculated by applying an effective interest rate of 10% The liability component is measured at amortised cost The difference between the carrying amount of the liabilities €1 2 million (£1,132,671) at 31 March 2009 and the amount reported in the Statement of Financial Position at 31 March 2010 €1 3 million (£1,179,769) represents the effective interest rate, plus the movement on currency translation difference, less interest paid to that date

**The interest charged of the unsecured loan for the year is calculated by applying an effective interest rate of 7% As the interest rate reflects the market rate, hence no fair value adjustment is made

22 Borrowing (continued)

Currency analysis of borrowings

All current borrowings are denominated in Pound Sterling for current year and prior year All non-current borrowings are denominated in Euro for current year

Interest rate analysis – effective rates

	31 Mar 2010	31 Mar 2009
	%	%
4% convertible loan note* (currency in Pound Sterling)	10	10
7% unsecured loan (currency in Euro)	7	-

* 4% convertible loan note carries a weighted effective interest rate of 10%

Fair value

The following table details the carrying amount of non-current liabilities, compared with the fair value

	31 Mar 2010		31 Mar 2009	
	Carrying amou €'000	Fair value €'000	Carrying amount €'000	Fair value €'00
7% unsecured Loan	5,485	5,485	-	
	5,485	**5,485**	-	

At 31 March 2010 and 2009 the carrying value of financial assets and all other financial liabilities is approximate to fair value

23. Share capital and premium

Authorised

The share capital of the Company is denominated in Pounds Sterling and the number of new shares issued is based on the cash receipt equivalent in Pounds Sterling The nominal ordinary share price is translated to € at the Statement of Financial Position rate for presentation purposes

The authorised share capital of the Company and the called-up and fully-paid amounts were as follows

	Number of shares '000	Ordinary shares €'000	Share premium €'000	Total €'000
As at 1 April 2009 (€0 13/£0 10 per share)	155,718	22,305	39,538	61,843
As at 31 March 2009 (€0 11/£0 10 per share)	155,718	22,305	39,538	61,843
As at 31 March 2010 (€0.11/£0.10 per share)	**190,495**	**26,412**	**41,601**	**68,013**

During the year, RLS has subscribed 34,777,032 shares in cash at a price of €0 134 (£0 125) per ordinary share for the total amount of €5,134,299 (£4,347,129) for some warrant shares The said shares were issued in December 2009

The total authorised number of ordinary shares is 302 million shares (2009 302 million shares) with a par value of €0 11 /£0 10 per share (2009 €0 11/£0 10 per share) All issued shares are fully paid

Share warrants

The Company has by an instrument dated 2 February 2007, issued a warrant, representing 140,374,297 additional Ordinary Shares pursuant to a put/call agreement dated 19 December 2006 Reliance Life Sciences Private Limited ("RLS") has the right to subscribe in cash at a price of €0 11 /£0 125 per ordinary share for some or all of the warrant shares during a five-year period The outstanding warrant shares as at 31 March 2010 are 105,597,265 (2009 140,374,297)

In addition to the above a warrant representing 2,065,205 additional Ordinary Shares lapsed during the year

The Company does not reclassify an instrument following a change of circumstances which, had it occurred before initial recognition of the instrument, would have changed its classification

24. Share-based payments

Share options granted under the unapproved scheme have a fixed price based on the market price at the date of the grant The contractual life of the options is 10 years Options cannot normally be exercised before the third anniversary of the date of the grant For options granted to all directors and employees, the options are exercisable after the vesting period Within three working days from exercising options, option holders have to pay the Company the total exercised option price by cheque

Employees have been granted options over shares in the Company under the unapproved share option scheme as follows

1 Apr 2009 number after consolidation	Number of options forfeited	Number of options granted	Number of options exercised	31 Mar 2010 number	Exercise Price €	Latest exercise date
10,000	(10,000)	-	-	-	10 90	21/05/2011
10,000	-	-	-	10,000	4 44	12/11/2011
4,500	-	-	-	4,500	5 17	17/12/2011
4,500	-	-	-	4,500	5 34	04/01/2012 to 07/01/2012
2,500	-	-	-	2,500	4 89	08/04/2012
3,500	-	-	-	3,500	4 95	22/04/2012
4,500	-	-	-	4,500	2 70	22/07/2012
4,500	-	-	-	4,500	2 02	06/08/2012 to 02/12/2012
3,500	-	-	-	3,500	1 40	12/11/2013
3,500	-	-	-	3,500	1 46	10/11/2013
2,000	(2,000)	-	-	-	1 71	01/03/2014 to 13/07/2014
3,500	-	-	-	3,500	1 52	23/08/2014
17,500	-	-	-	17,500	1 26	23/11/2014
3,000	-	-	-	3,000	1 12	12/07/2015
4,000	-	-	-	4,000	1 03	12/07/2015
3,500	(3,500)	-	-	-	0 51	17/10/2015
84,500	**(15,500)**	-	-	**69,000**		

24. Share-based payments (continued)

Equity-settled share-based payments

Employee Share Option Plan

	31 Mar 2010 Number of options	31 Mar 2010 WAEP* €	31 Mar 2009 Number of options	31 Mar 2009 WAEP* €
At the beginning of the year	**40,500**	**1 19**	45,500	1 34
Options granted	-	-	-	-
Options exercised	-	-	-	-
Options forfeited	**(5,500)**	**(0 95)**	(5,000)	(0 84)
At the end of the year	**35,000**	**1.29**	40,500	1 19
Range of exercise prices €		**1 03 to 1 52**		0 49 to 1 64
Options exercisable at the end of year		**35,000**		40,500

* weighted average exercise price

The options outstanding at 31 March 2010 had a weighted average exercise price of €1 29, and a weighted average remaining contractual life of 4 5 years (2009 5 6 years)

The fair value of the options is estimated at the date of grant using the Black-Scholes pricing model The following table gives the assumptions applied to the options granted in the respective periods shown

	Year ended 31	Year ended 31 Mar 2009
Weighted average share price (€)	**1 29**	1 19
Weighted average exercise price (€)	**1.29**	1 19
Expected volatility (%)	**100%**	82%
Expected life (years)	**10**	10
Risk-free interest rate (%)	**4.2%**	3 3%
Expected dividend yield (%)	**None**	None
Weighted average fair value of shares (€)	**1 17**	0 99

The expected volatility is based on the historical volatility of the underlying security (calculated based on the standard deviation of the month to month logarithmic price returns expressed as an annual percentage) adjusted for any expected changes to future volatility due to publicly available information The risk free interest rate is the yield on zero-coupon UK government bonds of a term consistent with the assumed option life

The Group recognised a total expense of €941 and NIL related to equity-settled share-based payment transactions for the year ended 31 March 2009 and year ended 31 March 2010 respectively

25 Other reserves

Group and Company	Capital reserve[i] €'000	Warrant reserve[ii] €'000	Exchange reserve[iii] €'000	Total other reserves €'000
Balance at 1 April 2008	437	4,183	(643)	3,977
Balance at 31 March 2009	437	4,183	(643)	3,977
Transfer to share premium on issue of share	-	(1,036)	-	(1,036)
Balance at 31 March 2010	**437**	**3,147**	**(643)**	**2,941**

i) Capital reserve is the equity element of convertible loan notes issued by the Company

ii) Warrant reserve is the fair value of share warrant issued by the Company During the year, RLS has subscribed to 34,777,032 shares out of total 140,374,297 warrant shares The proportionate amount of warrant reserve is transferred to share premium on issue of shares

iii) Exchange reserve represents the cumulative foreign currency translation difference of the Group The Group's functional currency have changed to Euro (€) from GBP (£) and Euro (€) from 1 April 2008, The Exchange reserve was carried forward from 31 March 2008, as a result of the cumulative balance of functional currency being translated into presentation currency Any movements on currency translation of non-monetary assets and liabilities and a change in functional currency will go to Other Comprehensive Income Further details in Note 2 4 and 4 3

26. Cash flow from operating activities

Group and Company	**Year ended 31 Mar 2010 €'000**	Year ended 31 Mar 2009 €'000
Loss for the year	**(1,544)**	(2,768)
Adjustments for		
Finance costs	**283**	85
Finance income	**(1)**	(34)
Other income	**(3)**	-
Depreciation of property, plant and equipment	**991**	999
Deferred Tax	**(960)**	(1,297)
Amortisation of intangible assets	**2**	3
Share-based payments	**-**	1
Operating cash flows before movement in working capital	**(1,232)**	(3,011)
Decrease/(increase) in inventories	**302**	(126)
Decrease in trade and other receivables	**337**	600
(Decrease)/increase in trade and other payables	**(699)**	31
Cash used in operations	**(1,292)**	(2,506)

27. Cash and cash equivalents

Cash at bank earns interest at floating rates based on daily bank deposit rates Short-term deposits are made for varying periods of between one day and three months depending on the cash requirements of the Group and earn interest at the respective short-term deposit rate The carrying amount of these assets approximates their fair value as at the Statement of Financial Position date

For the purpose of the cash flow statement, cash and cash equivalents are 'cash at hand and in bank' Cash and cash equivalents at the end of the financial year as shown in the cash flow statement can be reconciled to the related items in the Statement of Financial Position as follows

	31 Mar 2010	31 Mar 2009
	€'000	€'000
Restricted cash (Note 2 10)	**184**	176
Cash at hand and in bank	**134**	169
	318	345

28 Commitments

The Group leases property and office equipments under operating leases The Group has sub-leased property to a third party The rents payable under lease and receivable under sub-lease are subject to renegotiation at various intervals specified in the leases/sub-leases The Group pays for substantially all of the insurance and maintenance and repair of these assets

The future aggregate minimum lease payments under non-cancellable operating leases are as follows

	Equipment		Buildings	
	31 Mar 2010	31 Mar 2009	**31 Mar 2010**	31 Mar 2009
	€'000	€'000	**€'000**	€'000
No later than 1 year	-	2	**(124)**	30
Later than 1 year and no later than 5 years	**1**	-	-	(119
Later than 5 years	-	-	**2,725**	2,960
	1	2	**2,601**	2,871

In addition, the Group has committed to undertake certain clinical trials on behalf of its partners under development and licensing agreements The Group is committed to make certain payments to third parties contingent upon future events such as the approval and launch of products Estimated amount of such committed payments is €1 8 million, however such amount will vary depending on progress of the development programme

29 Contingencies

The company is involved in litigation with a third party resulting from the termination of a secondary manufacturing agreement The directors, supported by advice from the company's legal team, expect that this matter will be successfully resolved without any payment and consequently no provision in respect of the matter is included in the financial statements Additional disclosures are not given as the directors believe that it would be seriously prejudicial to the company's position in the matter to do so Legal costs in relation to this matter have been expensed as incurred

30 Related party transactions

The immediate parent and ultimate controlling party respectively of the Group are Reliance Life Sciences B V (incorporated in Netherland) and Reliance Life Sciences Private Limited (incorporated in India)

Transactions between the Company and its consolidated subsidiary, which is a related party of the Company, have been eliminated on consolidation and are not disclosed in this note

Trading transactions

During the year, group entities made sales of EPO worth € 409,948 (2009 €607,720), sold used equipment worth €23,713 (2009 €NIL) and clinical research services worth €158,417 (2009 €NIL) were provide to Reliance Life Sciences Private Limited, India ("RLS") The balance due from RLS as on 31 March 2010 is €158,817 (2009 €174,753)

During the year, clinical research services worth €408,418 (2009 €NIL) were received from RLS The balance due to RLS as on 31 March 2010 is €408,418 (2009 €NIL)

The net balance due to RLS as on 31 March 2010 is €249,601 (2009 €174,753)

During the year, clinical research services worth €119,758 (2009 €125,078) were received from Reliance Clinical Research Services Sp z o o , Poland ("RCRSS"), a subsidiary of RLS The balance due to RCRSS as on 31 March 2010 is €119,758 (2009 €125,078)

During the year, clinical research services worth €501 (2009 €105,153) were received from Reliance Clinical Research Services Private Limited, India, ("RCRS"), a subsidiary of RLS The balance due to RCRS as on 31 March 2010 is €501 (2009 €102,254)

During the year, company made purchase of used IT equipments worth €59,448 from Reliance Life Sciences Inc , US, ("RLSUS"), a subsidiary of RLS The balance due to RLSUS as on 31 March 2010 is €59,448

During the year, the Company made sales of packing materials worth €1,552 to Reliance Biopharmaceuticals Private Limited, India, ("RBPL"), a subsidiary of RLS The balance due from RBPL as on 31 March 2010 is €NIL

Loans from related parties

During the year, the Company received an amount of €5,485,000 from RLS as a loan The outstanding balance including interest accrued as on 31 March 2010 is €5,714,172

31. Ultimate parent undertaking

The ultimate parent company of Reliance GeneMedix Plc is Reliance Life Sciences Private Limited, which is incorporated and registered in India

Reliance Life Sciences Private Limited is the only undertaking for which financial statements which include the consolidated financial statements of Reliance GeneMedix Plc are drawn up These financial statements are not publicly available

32 Post Statement of Financial Position event

There is no other event after 31 March 2010 that requires disclosure or adjustment to these financial statements, other than certain non-adjusting events set out in the directors report

33 Approval of financial statements

The financial statements were approved by the board of directors and authorised for issue on 26 August 2010