

Reliance GeneMedix Limited

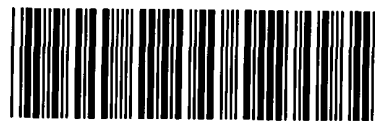
Annual report and financial statements
for the year ended 30 September 2016

Registered number: 03467317

RELIANCE GENEMEDIX LIMITED

1

TUESDAY



L6GSF4CY

LD3

10/10/2017

#19

COMPANIES HOUSE

Contents

Page

1	Strategic Report	3-4
2	Corporate Information	5
3	Directors' Report	6-7
4	Independent Auditor's Report	8-9
5	Statement of Comprehensive Income	10
6	Statement of Financial Position	11
7	Statement of Changes in Equity	12
8	Cash flow Statement	13
9	Notes to the Financial Statements	14- 36

Strategic Report (continued)

Strategic Report

The directors present their strategic report for the year ended 30th September 2016.

Background

Reliance GeneMedix Limited (the "Company") is a globally-focused pharmaceutical company, specialising in the development and marketing of high-quality, cost-effective treatments for some of the world's most serious diseases. Since February 2007, the company has been part of the Reliance Life Sciences Group of companies. The Reliance Life Sciences Group is working towards the development, manufacture and marketing of a portfolio of bio-similar and generic pharmaceutical products for global markets.

Principal activities

The principal activities of the Company are marketing and distribution of pharmaceutical oncology drugs.

Financial review

The headline figures from the Company's financial statements for the period are as follows

	€'000	€'000
	30.09.2016 (12 Months)	30.09.2015 (18 Months) Restated
Revenue from continuing operations	500	192
Operating Gain	21	25
Profit/(Loss) from Discontinued Operation	2,335	(15,219)
Total comprehensive income (Loss)	2,319	(15,194)
Shareholders' deficit	(13,016)	(14,898)
Intangible assets	1,633	1,650

Revenue from continuing operations was €500,000 (Previous period: € 192,000) as this was the second year for which the Company sold products in the European Union. The previous trade of manufacturing and selling pharmaceuticals has been discontinued, with the closure of the Ireland manufacturing facility and impairment of intangible assets as a result of discontinuation of the EPO development program.

Operating Profit of € 21,000 (Previous period: Profit € 25,000) for the year are in line with budget and indicative of planned expenditure. The Company continues to exercise strict financial discipline and cost control in order to sustain its activities.

Business overview

During the previous period, the Company registered two oncology products – Temozolomide and Capecitabine in the UK. These products are manufactured by Reliance Life Sciences and are marketed by the Company in Europe. The Company has initiated sales of Temozolomide and the sales have progressed well.

The former EPO production project carried out by the company did not progress as envisaged and hence the company terminated the partnership in the prior period and ceased the manufacture of EPO at its manufacturing facility. Subsequently the manufacturing facility was sold in September 2015 and the Company made all its employees redundant. This has helped the Company reduce its operating costs substantially.

Strategic Report (continued)

The Company generated cash flow to fund its operations through the facility sale and product sales. The Company does not envisage any capital infusion from its parent company, however the parent company has committed to supporting the business, if required, for at least 12 months from the date these financial statements are signed.

Principal risks and uncertainties

The Company's business is influenced by a range of factors, some of which may be beyond the control of the Company and its Board. The risk factors are set out below.

Regulatory approval

The clinical evaluation and marketing of the Company's drug candidates are subject to regulation by government. 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 and quite expensive.

Commercialisation

The Company has successfully registered two products in the UK but has currently no access to any sales or distribution functions in its main market, the EU. Currently the company is operating through experienced and competent service providers. In future, this may affect Company's success in marketing the products. Besides, the Company's competitors include, amongst others, major pharmaceutical companies with substantially larger financial resources. There is no assurance that the Company's competitor's strategies and products will not adversely affect the market share that the Company can gain.

Key performance indicators (KPIs)

The Company has commercialized one product in the UK and the Directors believe that launching its products in EU markets and achieving a target market share are the KPIs for the Company to be successful in achieving commercial efficacy.

By order of the Board



Vinay Ranade

Chief Executive Officer & Company Secretary

Date 9th October, 2017

Corporate Information

Directors

Dr. R. A. Mashelkar – Non Executive Chairman

Mr. K. V. Subramaniam – Executive Director

Company Secretary

Mr. Vinay Ranade

Registered office

8th floor
105 Wigmore Street
London W1U 1QY, UK

Registered number

03467317

Registrars

SLC Registrars
Thames House
Portsmouth road
Esher, Surrey KT10 9AD

Auditor

Deloitte LLP
Statutory Auditor
2 New Street Square
London, EC4A 3BZ

Directors' report

Board changes

There has been no change in the board of directors. The directors who served throughout the year and to the date of the audit report are stated on page 5.

Political support

Reliance GeneMedix Limited did not support, or make any donations to, political parties in the year (previous period: Nil).

Going Concern

The board of directors note of the current liabilities and net liabilities position of the Company and also of the retained losses. However, with the continued support from the parent company and also with the new line of business, the directors approve the "Going Concern" basis for preparing the financial statements.

Refer to Note 2 to the financial statements for further detail.

Results and dividends

The profit for the year was € 2,335,000 (previous period: Loss of €15,219,000).

In view of the past accumulated losses of the Company, the Directors do not recommend payment of a dividend for the year (previous period: Nil). Future developments have been disclosed in the strategic report.

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 Company – speculative transactions are not permitted.

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

The main risks arising from the Company'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.

Post balance sheet events

The Company was previously in discussion with Springhill Bioventure to settle the convertible 4% Loan note. An agreement was reached at the year end and the loan note was settled by signing a letter of arrangement for the Company to pay GBP 125,000 to Springhill Bioventure for full and final settlement. This sum was paid in January 2017.

Related party transactions

Please refer to Note 19 in the Notes to the Financial Statements.

Directors' Report (Continued)

Directors' interests

The directors who held office at 30 September 2016 and 30 September 2015 had no interests in the shares of the Company.

Disclosure of information to the auditor

As required by Section 418 (2) of the Companies Act, 2006, each of the persons who are directors at the date of approval of this Report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Re-appointment of Auditor

In accordance with s 485 of the Companies Act 2006, it is proposed to re-appoint Deloitte LLP as auditor of the company.

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

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

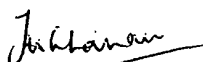
Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; 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 are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the 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



K.V. Subramaniam

Director

Date 9th October, 2017

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

We have audited the financial statements of Reliance GeneMedix Limited for the year ended 30 September 2016 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Cash Flow Statement and the related notes 1 to 21. 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.

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, 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 and express an opinion on 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 of the financial statements

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 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. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2016 and of its profit 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.

Opinion on other matters prescribed by the Companies Act 2006


In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RELIANCE GENEMEDIX LIMITED
(Continued)**

Matters on which we are required to report by exception

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

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



Peter McDermott (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
9th October 2017

Statement of Comprehensive Income

For the year ended 30 September 2016

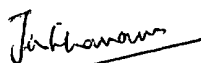
	Notes	Year ended 30 Sep 2016	Period ended 30 Sep 2015 Restated
		€'000	€'000
Continuing Operations			
Revenue		500	192
Cost of Sales		(320)	(77)
Gross Profit		180	115
Administrative expenses	5	(159)	(90)
Operating Profit		21	25
Finance Cost		-	-
Profit before Taxation		21	25
Taxation	7	-	-
Profit from the year/ period from continuing operation		21	25
Discontinued Operations			
Profit/(Loss) from Discontinued Operations net of Tax	18	2,335	(15,219)
Profit/(Loss) for the year/ period attributable to equity holders of the parent		2,356	(15,194)
Other comprehensive income			
Foreign Exchange loss on translation		(37)	-
Other comprehensive loss for the year/ period net of tax		(37)	-
Total comprehensive income for the year/period, net of tax		2,319	(15,194)

Statement of Financial Position:

As at 30 September 2016

	Notes	30 Sep 2016 €'000	30 Sep 2015 €'000
ASSETS			
Non-current assets			
Intangible assets	8	1,633	1,650
		<u>1,633</u>	<u>1,650</u>
Current assets			
Inventories	10	265	91
Trade and other receivables	11	178	350
Restricted cash	17	-	5
Cash and cash equivalents	17	225	1,629
		<u>668</u>	<u>2,075</u>
LIABILITIES			
Current liabilities			
Trade and other payables	12	(1,051)	(3,185)
Borrowings	13	(145)	(1,302)
		<u>(1,196)</u>	<u>(4,487)</u>
Net current liabilities		<u>(528)</u>	<u>(2,412)</u>
Total assets less current liabilities		<u>1,105</u>	<u>(762)</u>
Non-current liabilities			
Borrowings	13	(14,121)	(14,136)
		<u>(14,121)</u>	<u>(14,136)</u>
Net liabilities		<u>(13,016)</u>	<u>(14,898)</u>
Shareholders' equity			
Share capital	14	26,412	26,412
Share premium	14	41,601	41,601
Other reserves	15	2,844	3,281
Retained losses		<u>(83,873)</u>	<u>(86,192)</u>
Total equity attributable to equity holders of the parent		<u>(13,016)</u>	<u>(14,898)</u>

The financial statements of Reliance GeneMedix Limited, registered in England and Wales No. 03467317, on pages 10 to 36 were approved for issuance by the Board of Directors on 9th October 2017 and were signed on its behalf by:



K.V. Subramaniam
Director

Statement of Changes in Equity

For the year ended 30 September 2016

	Notes	Share capital €'000	Share premium €'000	Other reserves €'000	Retained losses €'000	Total €'000
Balance at 01 April 2014		26,412	41,601	(206)	(70,998)	(3,191)
(Loss) for the period		-	-	-	(15,194)	(15,194)
Capital Contribution from parent	13	-	-	3,487	-	3,487
Balance at 30 September 2015		26,412	41,601	3,281	(86,192)	(14,898)
Profit for the year		-	-	-	2,356	2,356
Other comprehensive loss for the year		-	-	-	(37)	(37)
Settlement of 4% convertible loan note	13	-	-	(437)	-	(437)
Balance at 30 September 2016		26,412	41,601	2,844	(83,873)	(13,016)

Cash Flow Statement

For the year from 1 October 2015 to 30 September 2016

	Notes	Year ended 30 Sep 2016 €'000	Period ended 30 Sep 2015 €'000
Cash flow from operating activities			
Cash (used in)/from operating activities	16	(1,394)	1,317
Net cash (used in)/from operations		<u>(1,394)</u>	<u>1,317</u>
Cash flows from investing activities:			
Payments for acquisition of intangible assets		-	(1,650)
Proceeds from Disposal of Plant Property & Equipment		-	1,818
Decrease in restricted cash		5	113
Net cash generated from investing activities		<u>5</u>	<u>281</u>
Cash flows from financing activities:			
Repayment of borrowings		(15)	(22)
Net Cash Flow used in Financing Activities		<u>(15)</u>	<u>(22)</u>
Net (decrease)/Increase in cash and cash equivalents		(1,404)	1,576
Cash and cash equivalents at the beginning of year/ period	17	1,629	48
Net currency translation effect		-	5
Cash and cash equivalents	17	<u>225</u>	<u>1,629</u>

Notes to the Financial Statements

For the year ended 30 September 2016

1. General information

Reliance GeneMedix Limited ('the Company') (referred to as 'RGMX') were previously engaged in developing, manufacturing and distributing comparable biotechnology pharmaceuticals, 'Bio-similars', which are a generic version of high value therapeutic proteins. In the previous period the Company has decided to discontinue the development of Bio-similars and has switched to distribution of pharmaceutical oncology drugs. The Company has received market authorisation to sell its oncology product Temozolomide and Capecitabine in the UK and Germany which will be manufactured by the ultimate parent company Reliance Life Sciences Private Limited (RLSPL).

The Company is a private 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 BV (RLS BV).

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods 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 The Companies Act 2006 applicable to companies reporting under IFRS.

All IFRSs issued by the 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 Limited. 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 a 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.

Going concern

The Company is part of the Reliance Life Sciences Group of companies. The Company was previously working towards the development, manufacture and marketing of a portfolio of bio-similar recombinant therapeutic proteins for global markets.

Notes to the Financial Statements (Continued)

In April 2015, the Company in its meeting of its Board of Directors decided to discontinue its manufacturing operations at its Ireland facility and downsize the team and explore sale of the facility. The Company sold the Ireland facility in September 2015.

The Company has switched focus to selling other Group products to the EU market. During the previous period, the Company acquired rights from its parent company to market pharmaceuticals products in UK and Europe. The Company has received market authorisation to sell its oncology product "Temozolomide" and "Capacitabine" in United Kingdom (UK) and Germany.

During the year, the company has met all its cash outflow requirements through the sale of Oncology products.

The board of directors note the current liabilities and net liabilities position of the company and also of the retained losses.

Considering the above, the directors, having assessed the financial budget of 2016-17 and business plan of trading Pharmaceuticals Oncology products for the next 3 years, have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the company to continue its operations as envisaged in the budget. The Company will also have the support of its parent company, as needed, and as such the directors are satisfied that the "Going Concern" basis of preparing the financial statements is appropriate.

2.2 New accounting Standards, amendment and interpretations effective in this financial Year.

The Company has adopted the following new and revised IFRS in respect of this financial year:

- IAS 19 (Amendment) Defined Benefit Plan : Employee Contributions Effective Date 1 February 2015
- IAS 16 Property, Plant & Equipment (Amendment) Effective Date 1 January 2016
- IAS 38 Intangible Assets (Amendment) Effective Date 1 January 2016
- Annual Improvements 2010-2012 Cycle Effective date 1 February 2015
- Annual Improvements 2011-2013 Cycle Effective date 1 January 2015

The application of the standards and interpretations noted above did not result in material changes in the Company's Financial Statements.

2.3 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

The Company has not applied the following standards and interpretations that have been issued but are not effective:

- IFRS 15 Revenue from Contracts with Customers Effective 1 January 2018
- IFRS 16 Leases Effective 1 January 2019

The effective dates stated here are those given in the Original IASB/IFRIC standards and interpretations. As the Company prepares its financial statements in accordance with IFRS as adopted by European Union, the application of new standards and interpretations will be subject to their being endorsed for use in the EU via the EU Endorsement mechanism. In the majority of cases this will result in an effective date consistent with that given in the original standard or interpretation but the need for endorsement restricts the Company's discretion to adopt standards early.

Notes to the Financial Statements (Continued)

The Standards and interpretations addressed above will be applied for the purpose of the Company's Financial Statements with effect from the dates listed. The Directors do not anticipate that adoption of these standards and interpretations will have a material impact on the Company's Financial Statements.

There are no other IFRSs or IFRIC interpretations that are not effective that would be expected to have a material impact on the Company.

2.4 Revenue Recognition

The company has acquired rights from its parent company to market pharmaceuticals products in UK and Europe. The Company has received market authorisation to sell its oncology product "Temozolomide" and "Capacitabine" in United Kingdom (UK) and Germany. Revenues principally comprise income from sale of these pharmaceuticals products. Revenues are recognised upon transfer to the customer of significant risks and rewards, usually upon despatch of goods where the sales price is agreed and collectability is reasonably assured.

2.5 Foreign currency translation

(a) Functional and presentation currency

The Company's functional currency has been changed to Pound Sterling from 1st October 2015 following the closure of operations in Ireland. Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The 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 30 September 2016 have been converted to euro at an exchange rate of 1.16148 and other Pound Sterling assets and liabilities have been converted to euro at historical rates.

(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 a foreign currency 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.

2.6 Property, plant and equipment

Property, plant and equipment are 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 Company 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:

Notes to the Financial Statements (Continued)

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.

2.7 Intangible assets

(a) *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 and licences over their estimated useful lives (15 years).

(b) *Research and development*

Research expenditure is charged to the income statement in the period in which it is incurred.

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.

2.8 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. Prior to the commencement of amortisation, intangible assets are reviewed for impairment at least annually. 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.

2.9 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 Company's loans and

Notes to the Financial Statements (Continued)

receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the Statement of Financial Position.

Trade and other receivables are recognised at cost. A provision for impairment of trade and other receivables is established when there is objective evidence that the Company 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 in payments are considered indicators that the trade or 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.

2.10 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 is the purchase value as the company is dealing with traded goods. 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.

2.11 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.

2.12 Trade payables

Trade payables are recognised at cost.

2.13 Borrowings

(a) Loans

Obligations for loans are recognised when the Company 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 notes

Convertible loan notes are separated into liability and equity components based on the terms of issue.

On issuance of a 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

Notes to the Financial Statements (Continued)

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 Company 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.

(d) Borrowing costs

Borrowing costs are expensed in the period in which they occur.

2.14 Leases

Lease agreements which transfer to the Company substantially all the risks and rewards of ownership of an asset are classified as finance leases.

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

2.15 Employee benefits

(a) Pension obligations

The Company previously operated a pension plan for its employees. The Company's contributions to this plan are charged to the income statement in the period to which they relate. The Company contributed a sum equal to a proportion of basic salary (a maximum of 7%) to Company Pension Scheme on behalf of each participating employee each month. The Company has no further payment obligations once the contributions have been paid. There is no employee in the company during the year from 1st October 2015 to 30th September 2016.

(b) Share-based compensation

Incentives in the form of shares were previously provided to employees under share option and long-term incentive plans. In accordance with IFRS 2 Share-based Payment, charges for these incentives were expensed through the income statement on a straight-line basis over their vesting period, based on the Company'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 were included in estimates about the number of options that were expected to become exercisable or were 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.

Notes to the Financial Statements (Continued)

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 Company 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) Profit-sharing and bonus plan

The Company 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 Company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2.16 Provisions

Provisions for legal claims are recognised when: the Company 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 an interest expense.

2.17 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.

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 Company'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 financial statements. However, 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 / loss. Deferred tax is determined using tax

Notes to the Financial Statements (Continued)

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.

2.19 Prior period restatement

It was identified that in prior period royalty income was incorrectly shown under discontinued operations and finance charges was incorrectly shown under continued operations. FY16 has been restated to show this as continued operations.

	Period ended	Period ended Restated
	30 Sep 2015	30 Sep 2015
	€'000	€'000
Revenue	92	192
Cost of sales	(77)	(77)
Gross Profit	15	115
(Loss) from Discontinued Operations net of tax	(15,028)	(15,219)

3 Financial risk management

3.1 Financial risk factors

The Company holds financial instruments to finance its operations and to manage the currency risk that arises from these operations. It is the Company's policy that no speculative trading in financial instruments shall be undertaken. The Company finances its operations through a combination of equity, convertible loan notes as disclosed in Note 13: Borrowings. The main risks arising from the Company's financial instruments are liquidity risk, market risk, and credit risk.

(a) Market risk

Foreign currency exchange risk

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

Almost all of the Company's operations are based in 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 Company's policy has historically been to maintain natural hedges by relating the structure of borrowings to the trading cash flows that generate them.

Notes to the Financial Statements (Continued)

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

	September 2016		September 2015	
	<u>Liabilities</u>	<u>Assets</u>	<u>Liabilities</u>	<u>Assets</u>
	€'000	€'000	€'000	€'000
Pound Sterling	(453)	311	(2,204)	173

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

The following table details the Company's loss before tax sensitivity to a 10% decrease and increase 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 year-end for a 10% change in foreign currency rates. A negative number indicates a strengthening of the relevant currency. For a weakening there would be an equal and opposite impact, and the balances below would be reversed.

	€/£
	€'000
September 2016	(14)
September 2015	(203)

At 30 September 2016, if all currencies had strengthened by 10% against the euro with all other variables held constant, loss for the year would have been €14,171 (Previous period: €203,073) higher, mainly as a result of foreign exchange gains/losses on translation of Pound Sterling denominated borrowings.

Price risk

The Company is exposed to price risk on material costs. The Company addresses the materials price risk through competitive and alternate sourcing strategies.

Interest rate risk

The Company 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 Company is therefore exposed to interest rate risk.

The Company's exposure to interest rates on financial assets and liabilities is detailed in Note 13: 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 that was outstanding as at 30 September 2016. A 1% decrease would have an equal and opposite effect on the change in loss.

	Effect on loss before tax	
	30 Sep 2016 €'000	30 Sep 2015 €'000
Pound Sterling	1	1

Notes to the Financial Statements (Continued)

(b) Credit risk

Financial instruments that potentially expose the Company to concentrations of credit risk consist primarily of cash and cash equivalents, restricted cash and other receivables. 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 Company'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. All revenue generated from product sale was pertaining to M/s Mawdsley Brooks & Company Limited in UK for its pharmaceutical Oncology products. The Company purchases all its traded goods from its ultimate parent company (RLSPL) on credit terms which is closely monitored for any foreign currency fluctuation related risk. The directors have satisfied themselves that the anticipated credit risk for trade receivables is low. The Company 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 Company, the maximum exposure is equal to the carrying value of the instrument.

(c) Liquidity risk

The Company'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 bank overdrafts.

As set out in Note 13 Borrowings, the Company previously had in issue a €1.95 million (including interest accrued) convertible loan note which should have been redeemed at par on 30 August 2008. The Company crystallized the liability and settled the borrowing by making payment of €125,000 in January 2017.

Management monitors rolling forecasts of the Company's liquidity reserve (comprising equity raisings, debenture loan notes and loans) (Financial review in directors report) and cash and cash equivalents (Note 17) on the basis of expected cash flow.

Capital risk management

The capital structure of the Company consists of debts, which includes the borrowings disclosed in Note 13, cash and cash equivalents disclosed in Note 17 and capital, reserves and retained losses disclosed in the 'Statement of Changes in Equity' and Note 15. The Company manages its capital to ensure that in the future, the Company will be able to continue as a going concern and has sufficient capital available to meet future funding requirements.

The Company is not subject to any externally imposed capital requirements.

3.2 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 Company for similar financial instruments.

Notes to the Financial Statements (Continued)

At 30 September 2016, the Company had 4% convertible loan stock of €0.145 million, which had a carrying value of €0.145 million and 7% unsecured loan of €14.121 million, which had a carrying value of €14.121 million. Further details on fair value of secured and unsecured loan are shown in Note 13.

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 8). 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

With the change in the business model the Company had written off the carrying value of Intangible Property Right of EPO in previous period.

The Company acquired a license to sell products on behalf of the Group in the previous period and has classified this license as an intangible asset.

Estimated impairment of intangible assets – Acquired from the Parent Company

The Company 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 Company. 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 Company 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. A discount rate of 2% is used for the Model. Each of these assumptions is significant to the value of the intangible assets. The Company reviews intangible assets for impairment, if there is an indication of impairment or at least annually, 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 interest rates, and changes to or the potential delay of the development project to which the intangible asset relates, could adversely affect the Company'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.

Even if the estimated pre-tax discount rate applied to the discounted cash flows for Pharmaceutical product had been 5% higher than management's estimates, with all other variables held constant, the Company would not have to recognise an impairment against intangible assets.

Notes to the Financial Statements (Continued)

4.2 Amortisation and useful economic lives

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 Company.

4.3 Functional currency

The Directors consider the suggested factors under IAS 21 that are relevant in determining the functional currency. The Company's functional currency has been change to Pound Sterling from 1st October 2015. The directors will continue to monitor the changes in underlying economic environments with regard to functional currency in the future.

5 Administrative expenses by nature

	Year ended 30 Sep 2016 €'000	Period ended 30 Sep 2015 €'000
Foreign exchange loss	-	1
Inspection Fees	-	8
Auditor's remuneration in respect of the audit of the financial statements *	22	22
Legal & Professional Fees	16	29
Analytical & Testing	29	6
Directors Fees	14	22
Other expenses	78	2
Total Operating expenses	159	90

* There were no other fees paid to the Company's auditor for non-audit services.

Notes to the Financial Statements (Continued)

6 Employees, directors and key management

Employees

All employees at Ireland facility were made redundant as on 30 September 2015. On the last working day of previous period there were no employees in the Company payroll. The Company presently has 2 Directors and their emolument is given below:

	Year ended 30 Sep 2016 Number	Period ended 30 Sep 2015 Number
Average number of employees, by activities		
Research and development/manufacturing	-	9
Administration	-	4
Total	-	13
Average number of directors	2	2

	Year ended 30 Sep 2016 Number €'000	Period ended 30 Sep 2015 Number €'000
Aggregate remuneration of Directors (the "key management personnel")		
Emoluments	14	22
	14	22

	Year ended 30 Sep 2016 €'000	Period ended 30 Sep 2015 €'000
Salary cost:		
- Wages and salaries	-	1,274
- Social security cost	-	106
- Other benefits	-	33

There are no post-employment benefits accruing to any executive director.

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 30 Sep 2016 €'000	Period ended 30 Sep 2015 €'000
Emoluments	12	19
	12	19

Notes to the Financial Statements (Continued)

7 Income tax

The tax charge for the year was Nil (Previous period: Nil). The tax on the Company's losses before tax differs from the theoretical amount that would arise using the standard rate of corporation tax in the UK of 20% (Previous period: 20.66%) and has been reconciled to the tax charge below.

	Year ended 30 Sept 2016 €'000	Period ended 30 Sept 2015 Restated €'000
Profit/(Loss) for the year/ period on ordinary and discontinued operations	2,319	(13,534)
Profit/(Loss) on ordinary activities multiplied by the standard rate of corporation tax of 20% (Previous period: 20.66%)	464	(2,796)
Effects of:		
Expenses not deductible for tax purposes	-	-
Research & development tax relief	-	-
Amortisation of intangible assets	3	(23)
Tax profits relieved by unrecognised deferred tax asset	(467)	2,813
Tax on loss on ordinary/discontinued activities (Credit)/ Charge	-	-
	Year ended 30 Sept 2016 €'000	Period ended 30 Sept 2015 €'000
Deferred tax (Charge)/ Credit (see below)	-	(1,660)
Tax on loss on discontinued operations (Refer Note 18)	-	(1,660)

Deferred tax

The Company has charged all the deferred tax assets raised out of EPO operation in the Statement of Comprehensive Income in previous period as part of discontinued operations and for deferred tax arising out of trading operations the Company has not recognized the assets. The projections are on the same basis as those used for the impairment review of the intangible fixed assets (see 4.1 above).

A further potential deferred tax asset in the amount of € 709,426 (Previous period: € 8,547,071) 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. These losses are available indefinitely.

Substantively Enacted tax rate

The UK Corporation tax fell to 20 per cent with effect from 1 April 2015. The finance act 2016 was announced in September 2015 with changes to the corporation tax rate. These include reductions to the main rate reduce the rate

Notes to the Financial Statements (Continued)

to 19 per cent from 1 April 2017, 19% from 1 April 2018 and to 17 per cent from 1 April 2020. As the changes had not been substantively enacted at the balance sheet date, their effects are not included in these financial statements.

8 Intangible assets

	Knowhow €'000	Licence fee €'000	R&D costs €'000	Total €'000
Period ended 30 September 2015				
Opening net book amount	15	-	14,468	14,483
Additions during the Year ⁴	-	1,650	-	1,650
Amortisation charge ¹	(4)	-	(2,553)	(2,557)
Write off of intangible asset (Refer note 4.1)	(11)	-	(11,915)	(11,926)
Closing net book amount	-	1,650	-	1,650
At 30 September 2015				
Cost	48	1,731	17,021	18,800
Accumulated amortisation	(37)	(81)	(5,106)	(5,224)
Write off of Intangible asset ³	(11)	-	(11,915)	(11,926)
Net book amount	-	1,650	-	1,650
Year ended 30 September 2016				
Opening net book amount	-	1,650	-	1,650
Amortisation charge ¹	-	(17)	-	(17)
Closing net book amount	-	1,633	-	1,633
At 30 September 2016				
Cost	-	1,650	-	1,650
Accumulated amortisation and impairment	-	(17)	-	(17)
Net book amount	-	1,633	-	1,633

¹Amortisation charge of current year €0.017 million is included in the 'administrative expenses' and €2.557 million of previous period is included under discontinued operations in the statement of comprehensive income.

²There are no intangible assets with indefinite useful lives.

³The intangible Assets relating to EPO are written off during previous period.

⁴Company acquired rights from its parent company for Marketing Pharmaceuticals products in UK and Europe on 30th September 2015. The said cost of acquisition has been capitalised as 'Licence Fee' and will be amortised over a period of 15 years.

Notes to the Financial Statements (Continued)

9 Property, plant and equipment

	Leasehold improvements / land and buildings €'000	Office equipment €'000	Fixtures and fittings €'000	Plant and machinery €'000	Total €'000
Period ended 30 September 2015					
Opening net book amount	44	59	35	79	217
Depreciation charge ¹	(23)	(16)	(14)	(37)	(91)
Net book amount of Assets Disposed (refer note 18)	(21)	(43)	(21)	(41)	(126)
Closing net book amount	-	-	-	-	-
At 30 September 2015					
Cost	4,798	848	214	3,615	9,475
Accumulated Depreciation of assets disposed (refer note 18)	(4,777)	(805)	(193)	(3,574)	(9,349)
Net book amount of Assets Disposed (refer note 18)	(21)	(43)	(21)	(41)	(126)
Net book amount	-	-	-	-	-
At 30 September 2016					
Opening/Closing Net book amount	-	-	-	-	-

¹Depreciation expense of Nil (previous period: € 0.092 million) has been charged in administrative expense under discontinued operations in the Statement of Comprehensive Income. All assets relating to at the Ireland facility have been disposed in previous period. The only asset available is Lypholiser which is held at Third party location with M/s Gland Pharma and the asset is fully depreciated.

There is no finance lease rental expense relating to the lease of plant, machinery and equipment charged in the Statement of Comprehensive Income. Leasehold land and buildings are held under operating leases.

Notes to the Financial Statements (Continued)

10 Inventories

	30 Sep 2016 €'000	30 Sep 2015 €'000
Stock-in-Trade	265	91
	<u>265</u>	<u>91</u>

There is no material difference between the carrying value of inventories and their realisable value. The total cost of inventories recognised through cost of sales during the year was €0.32 million (previous period: € 0.077 million)

11 Trade and other receivables

	30 Sep 2016 €'000	30 Sep 2015 €'000
Trade receivables	128	111
Other receivables	43	234
Prepayments	7	5
	<u>178</u>	<u>350</u>

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

As at 30 September 2016, there is no provision for impairment for trade receivables, as the directors believe that full amount will be recovered.

The directors consider that the carrying amount of other receivables approximates their fair value.

As at 30 September 2016, the aged analysis of trade receivables was as follows.

	Total €'000	Neither past due nor impaired <30 days €'000	Past due but not impaired > 30 days €'000
2016	128	88	40
2015	111	111	-

12 Trade and other payables

	30 Sep 2016 €'000	30 Sep 2015 €'000
Current		
Trade payables	253	165
Other payables	-	544
Accruals	78	178
Amount owed to Group Companies	720	1,650
Interest accrued on 4% convertible loan note	-	648
	<u>1,051</u>	<u>3,185</u>

The Company 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 services is 8 days (Previous period: 11 days).

Notes to the Financial Statements (Continued)

No interest is charged on the trade payables for the first 60 days from the date of the invoice. Other payables and accruals are non-interest bearing.

13 Borrowings

	30 Sep 2016 €'000	30 Sep 2015 €'000
Current		
4% convertible loan note due 2008*	145	1,687
Equity component	-	(437)
Currency translation difference	-	(54)
Amortisation cost	-	106
	145	1,302

* Subsequent to year end, the Company has settled the loan note of 4% €1.7 million (denominated in sterling for the amount of £ 1,177,442) for € 0.145 million (denominated in sterling for the amount of £ 0.125 million). The settlement was agreed at 30 September 2016 and paid in January 2017.

The Equity Component of € 436,918 which was credited to Capital reserve, has been reversed post crystallising the liability. Refer to Note 15

	30 Sep 2016 €'000	30 Sep 2015 €'000
Non-current		
7% unsecured loan*	14,121	14,136
	14,121	14,136

* On 8 January 2010, the Company entered into a 7% unsecured loan agreement with RLS BV, the Parent Company. The above loan agreement was subject to a series of revisions based on Company's business plans, increasing the loan amount and tenure. In the previous period the parent Company (i.e. RLS BV) waived all the interest payable on the loan from the date of inception. The interest payable to the Parent Company aggregating to € 3,487,000 in the previous period has been treated as capital contribution and credited to 'Capital Reserve' (Refer note 15). The Company anticipates that future interest will also be waived by the parent Company. As per current revision, the entire amount borrowed is repayable in three equal instalments on 31 March 2020, 2021 and 2022 therefore it is treated as Non-Current at 30 September 2016.

Notes to the Financial Statements (Continued)

The following tables detail the Company'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 Company 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 30 September 2016					
4% convertible loan note*	-	145	-	-	145
7% unsecured loan**	-	-	-	14,121	14,121
Total borrowings	-	145	-	14,121	14,266
As at 30 September 2015					
4% convertible loan note*	1,950	-	-	-	1,950
7% unsecured loan**	-	-	9,416	4,720	14,136
Total borrowings	1,950	-	9,416	4,720	16,086

* The Company has settled the loan note of 4% €1.7 million (denominated in sterling for the amount of £ 1,177,442) for € 0.145 million (denominated in sterling for the amount of £ 0.125 million). The loan note was paid in January 2017.

** In the previous period the parent Company (i.e RLS BV) waived all the interest payable on the loan from the date of inception. No future interest will be charged by the parent Company

Currency analysis of borrowings

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

Interest rate analysis – effective rates

	30 Sep 2016	30 Sep 2015
	%	%
4% convertible loan note* (currency in Pound Sterling)	-	4
7% unsecured loan (currency in Euro)	-	7

Fair value

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

	30 Sep 2016		30 Sep 2015	
	Carrying amount €'000	Fair value €'000	Carrying amount €'000	Fair value €'000
7% unsecured Loan (Non-Current Liability)	14,121	14,121	14,136	14,136
	14,121	14,121	14,136	14,136

At 30 September 2016 and 2015 the fair value of the unsecured loan is considered approximate to the carrying value, since the parent company can request repayment on demand.

Notes to the Financial Statements (Continued)

14 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 Euros 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 31 March 2014 (€0.11/£0.10 per share)	190,495	26,412	41,601	68,013
As at 30 September 2015 (€0.11/£0.10 per share)	190,495	26,412	41,601	68,013
As at 30 September 2016 (€0.11/£0.10 per share)	190,495	26,412	41,601	68,013

All issued shares are fully paid.

15 Other Reserves

	Capital reserve ⁱ⁾ €'000	Exchange reserve ⁱⁱ⁾ €'000	Total other reserves €'000
Balance at 1st April 2014	437	(643)	(206)
Addition during the period:			
Contribution equivalent to interest accrued on loan taken from RLS BV	3,487	-	3,487
Balance at 30 September 2015	3,924	(643)	3,281
Deletion during the year:			
Reversal of Equity element of loan notes	(437)	-	(437)
Balance at 30 September 2016	3,487	(643)	2,844

- i) Capital reserve as on closing date represent waiver of cumulative interest due on the outstanding loan as the same is waived off by the parent company (i.e RLS BV). Subsequent to year end, the Company has settled the loan note of 4% €1.7 million (denominated in sterling for the amount of £ 1,177,442) for € 0.145 million (denominated in sterling for the amount of £ 0.125 million) - Refer Note no 21. The Equity Component of € 436,918 of such loan note, which was earlier credited to Capital reserve, has been reversed post crystallising the liability.
- ii) Exchange reserve represents the cumulative foreign currency translation difference of the Company. The Company's functional currency changed to Euro (€) from GBP (£) from 1 April 2008 and again from Euro (€) to GBP (£) from 1 October, 2015. 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 2.5.

Notes to the Financial Statements (Continued)

16 Cash flow from operating activities

	Year ended 30 Sep 2016 €'000	Period ended 30 Sep 2015 €'000
Profit/(Loss) for the year/period before taxation	2,319	(13,534)
Adjustments for:		
Finance costs	-	91
Foreign Exchange gain/Loss on finance cost	(2)	-
Liabilities written back	(2,340)	-
Gain on sale of property, plant and equipment	-	(1,691)
Write off of Intangible Assets	-	11,926
Depreciation of property, plant and equipment	-	91
Amortisation of intangible	17	2,557
Operating cash flows before movement in working capital	(6)	(560)
(Increase)/ Decrease in inventories	(174)	476
Decrease/ (Increase) in trade and other receivables	172	(147)
(Decrease)/ Increase in trade and other payables	(1,386)	1,548
Cash (used in)/ from operations	(1,394)	1,317

17 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 Company 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 as Current Account and Deposit Account. 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:

	30 Sep 2016 €'000	30 Sep 2015 €'000
Restricted cash (Note 2.11)	-	5
Cash at hand and in bank	225	1,629
	225	1,634

18 Discontinued Operations

The Ireland facility was sold out in September 2015 and was successfully handed over to a veterinary biopharmaceuticals company. All income and expenses post handing over the facility have been considered in discontinued operation and is shown separately in this report

The residuals of the discontinued operations (i.e. manufacturing business) included in the results for the current period are set out below. The comparative loss/profit and cash flows from discontinued operations have been re-presented to include those operations classified as discontinued in the current year.

Notes to the Financial Statements (Continued)

	Year ended 30 Sep 2016 €'000	Period ended 30 Sep 2015 Restated €'000
Discontinued Operations		
Revenue	-	2,191
Cost of Sales	-	(578)
Gross Profit	-	1,613
Employee Benefit expense	-	(1,413)
Depreciation, amortisation and impairment charges	-	(14,574)
Operating lease payments	-	(197)
Foreign exchange gain/(loss)	-	(166)
Other expenses	(5)	(422)
Total	(5)	(16,772)
Operating Loss	(5)	(15,159)
Loan note written back	2,240	-
Other Liabilities written back	100	-
Profit on Sale of Assets	-	1,691
Finance Cost	-	(91)
Profit/(Loss) before Taxation	2,335	(13,559)
Taxation (Refer Note 7)	-	(1,660)
Profit/(Loss) for the year/ period from discontinued operations	2,335	(15,219)

Cash Flow from Discontinued Operations

	Year ended 30 Sep 2016 €'000	Period ended 30 Sep 2015 €'000
Cash flows used in operating activity	(5)	(990)
Cash flows from investing activity	-	1,931
Cash flows used in financing activity	-	(22)

19 Related party transactions

The immediate parent and ultimate controlling party respectively of the Company are Reliance Life Sciences BV (incorporated in Netherland) (RLS BV) and Reliance Life Sciences Private Limited (incorporated in India) (RLSPL).

Trading transactions

During the year, the company made sales of EPO worth Nil (Previous period: € 1.864 million) and Royalty income of € 0.159 million (Previous period: € 0.1 million) to the group entities. The company purchased products from RLSPL

Notes to the Financial Statements (Continued)

worth € 0.495 million. RLSPL made a payment of €0.219 million to the Company. The Company made payment to RLSPL of €1.924 million. The balance due to RLSPL as on 30 September 2016 is €0.927 million (Previous period: €2.237 million) and balance payable by RLSPL as on 30 September 2016 is €0.059 million (Previous period: Nil).

Loans from related parties

In previous period, the cumulative interest due on the outstanding loan was waived off by the parent company and treated as a capital contribution. The Parent Company has decided not to charge any further interest till the loan is repaid. The outstanding balance on the loan account to RLS BV as on 30 September 2016 is €14.121 million (period ended September 2015: € 14.136 million.)

20 Ultimate parent undertaking

The ultimate parent company of Reliance GeneMedix Limited is Reliance Life Sciences Private Limited (RLSPL), which is incorporated and registered in India.

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

21 Events after the Reporting Period

The company was in discussion with the party named Springhill Bioventure to settle the convertible 4% Loan Note. In January 2017, a letter of arrangement was signed whereby the Company agreed to pay €145,000 (denominated in sterling for the amount of £125,000) for full and final settlement of the liability. This was paid in January 2017.
