Reliance GeneMedix Limited

Annual report and financial statements
for the year ended 30 September 2017
Registered number: 03467317

Contents

Strategic Report

The directors present their strategic report for the year ended 30 September 2017. As set out in this report and through various notes appended to the financial statements for the year ended 30 September 2017 the Company has not made profit from Pharmaceutical oncology segment which is the primary activity of the Company. As a result, the Directors have decided to cease trading activities of the Company and accordingly has prepared the financials on basis other than going concern for the year.

The decision to cease trading was taken by the Directors of the Company in May 2018 and has been reflected in the set of accounts.

Background

The Company earns Royalty income from its parent Company on account of Company's licensed product, Erythropoietin, which it sells in the United Kingdom. The primary cost of the Company are those incurred in marketing and distribution of the oncology drugs it licenses.

Since April 2015, RGMX has won tenders for Temozolomide in the UK. However, in the recent past, there has been a substantial drop in the prices of small molecule oncology products due to extreme competition. This downward trend of prices has put pressure on reducing manufacturing, testing and supply chain costs. Most importantly, prices of raw materials from China have substantially increased. The net effect has been grossly diminished margins, making the RGMX business model, driven by only two products, no longer sustainable.

The oncology market in UK is mostly tendered by National Health Services (NHS), the government health service. 'NHS awards the contract to a sole winner for a particular region.

Financial review

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

	€'000 30.09.2017 (12 Months)	€'000 30.09.2016 (12 Months)
Revenue	467	500
Operating Gain	5	21
Profit from Discontinued Operation	1,958	2,335
Total comprehensive income	1,990	2,319
Shareholders' deficit	(11,026)	(13,016)
Intangible assets	3,143	1,633

Revenue for the year was €467,000 (2016: € 500,000) as this was the third year for which the Company sold products in the European Union.

Operating Profit of € 5,000 (Previous Year: Profit € 21,000) for the year is mainly due to royalty income. The Company continues to exercise strict financial discipline and cost control in order to sustain its activities, thought as set out above the decisions has now been taken to cease these activities after the year end.

Strategic Report (Continued)

Strategic Report (Continued)

The previous business of manufacturing and selling Erythropoietin was discontinued in the 2015, with the closure of the Ireland manufacturing facility and impairment of intangible assets as a result of discontinuation of the EPO development program. Income from discontinued operation in the current year is on account of a favourable verdict on litigation with M/s Gland Pharma Limited and sale of Intellectual Property derive from erstwhile EOP development program.

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.

Prices

The Tender market is showing a negative trend as far as the prices of oncology products. The company has lost few tenders due to competitive pricing from other pharmaceutical companies. The Company won its second tender with 50% erosion in the prices.

Regulatory approval

The clinical evaluation and marketing of the Company's drug 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. Brexit is also bringing about uncertainty around the business model of having a base in UK and serving UK and EU markets.

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. As stated above the Company have decided to cease the trading activities.

By order of the Board

Reliance GeneMedix Limited

Vinay Ranade

Chief Executive Officer & Company Secretary

24 July 2018

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, UK, 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 Year: Nil).

Going Concern

The board of directors have taken note of the current liabilities and net liabilities position of the Company and also of the retained losses. As set out in the Strategic Report the Director has determine that the combination of reducing prices for the Company's products, combined with increasing cost, makes the continuation of the business difficult and as such the Directors of the Company have decided to discontinued its operation of marketing and distribution in the UK market and cease trading in the business. As such the financial statements have been prepared on a basis other than going concern.

Results and dividends

The profit for the year was € 1,997,000 (2016: profit of € 2,319,000).
In view of the past accumulated losses of the Company, the Directors do not recommend payment of a dividend for the year (2016: 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.

Related party transactions

Please refer to Note 18 in the Notes to the Financial Statements.

Directors' interests

The directors who held office at 30 September 2017 and 30 September 2016 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 485of 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 Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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

Jaklanaran

K.V. Subramaniam

Director

24 July 2018

Reliance GeneMedix Limited

Independent auditor's report to the members of Reliance GeneMedix Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at September 30, 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Reliance GeneMedix Limited (the 'company') 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 20.

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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – financial statements prepared other than on a going concern basis

We draw attention to note 2.1 in the financial statements, which indicates that the financial statements have been prepared on a basis other than that of a going concern. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of directors

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

Use of our report

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.

Peter McDermott, FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
31 July 2018

Statement of Comprehensive Income

For the year ended 30 September 2017

	Notes	Year ended 30 Sep 2017	Year ended 30 Sep 2016
		€'000	€'000
Operations			
Revenue from operations*		**467**	500
Cost of Sales		**(269)**	(320)
Gross Profit		**198**	180
Administrative expenses	**5**	**(193)**	(159)
Operating Profit		**5**	21
Revaluation		**34**	-
Finance Cost		**-**	-
Profit before Taxation		**39**	21
Taxation	**7**	**-**	-
Profit from the year from operation		**39**	21
Discontinued Operations			
Profit from Discontinued Operations	**17**	**1,958**	2,335
Profit for the year attributable to equity holders of the parent		**1,997**	2,356
Other comprehensive income		**-**	-
Foreign Exchange loss on translation		**(7)**	(37)
Other comprehensive loss for the year net of tax		**(7)**	(37)
Total comprehensive income for the year , net of tax		**1,990**	2,319

*Revenue from operations includes Sale of Products Euro 281,000 (2016: 341,000) and Royalty Income Euro 186,000 (2016: 159,000)

Statement of Financial Position:
As at 30 September 2017

	Notes	**30 Sep 2017 €'000**	30 Sep 2016 €'000
ASSETS			
Non-current assets			
Intangible assets	8	**-**	1,633
		-	1,633
Current assets			
Intangible assets	8	**3,143**	-
Inventories	9	**79**	265
Trade and other receivables	10	**704**	178
Cash and cash equivalents	11	**9**	225
		3,935	668
LIABILITIES			
Current liabilities			
Trade and other payables	12	**(850)**	(1,051)
Borrowings	13	**(14,111)**	(145)
		(14,961)	(1,196)
Net current liabilities		**(11,026)**	(528)
Total assets less current liabilities		**(11,026)**	1,105
Non-current liabilities			
Borrowings	13	**-**	(14,121)
		-	(14,121)
Net liabilities		**(11,026)**	(13,016)
Shareholders' equity			
Share capital	14	**26,412**	26,412
Share premium	14	**41,601**	41,601
Other reserves	15	**2,844**	2,844
Retained losses		**(81,883)**	(83,873)
Total equity attributable to equity holders of the parent		**(11,026)**	(13,016)

The financial statements of Reliance GeneMedix Limited, registered in England and Wales No. 03467317, on pages 10 to 26 were approved for issuance by the Board of Directors on 24 July 2018 and were signed on its behalf by:

K.V. Subramaniam
Director

Reliance GeneMedix Limited

Statement of Changes in Equity
For the year ended 30 September 2017

	Notes	Share capital €'000	Share premium €'000	Other reserves €'000	Retained losses €'000	Total €'000
Balance at 1 October 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		-	-	(437)	-	**(437)**
Balance at 30 September 2016		**26,412**	**41,601**	**2,844**	**(83,873)**	**(13,016)**
Profit for the year		-	-	-	1,997	**1,997**
Other comprehensive loss for the year					(7)	**(7)**
Balance at 30 September 2017		**26,412**	**41,601**	**2,844**	**(81,883)**	**(11,026)**

Cash Flow Statement
For the year ended 30 September 2017

	Notes	**Year ended 30 Sep 2017**	Year ended 30 Sep 2016
		€'000	€'000
Cash flow from operating activities			
Cash (used in)/from operating activities	16	**(61)**	(1,394)
Net cash (used in)/from operations		**(61)**	(1,394)
Cash flows from investing activities:			
Decrease in restricted cash		**-**	5
Net cash generated from investing activities		**-**	5
Cash flows from financing activities:			
Repayment of borrowings		**(155)**	(15)
Net Cash Flow used in Financing Activities		**(155)**	(15)
Net (decrease) in cash and cash equivalents		**(216)**	(1,404)
Cash and cash equivalents at the beginning of year/ period	11	**225**	1,629
Cash and cash equivalents	11	**9**	225

Notes to the Financial Statements
For the year ended 30 September 2017

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 years 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 Capacitabine in the UK which will be manufactured by the ultimate parent company Reliance Life Sciences Private Limited (RLSPL).

The Company is a private company limited by shares Incorporated in the United Kingdom and registered in England and Wales. 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

The Financial Statement have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

The financial statements are prepared in Euro, which is the functional currency of the entity

Going concern

The directors have made a decision to cease trading and therefore consider it inappropriate to prepare financial statements on a going concern basis. The directors have therefore prepared these financial statements on a basis other than going concern as set out above under the basis of preparation. As a result:

- Assets classified as non-current in accordance with IAS 1 have been reclassified as current assets and long-term liabilities have been reclassified as current liabilities on the basis they meet the criteria in IAS 1 to be presented as current liabilities;

- Assets have been assessed for impairment; and

- Liabilities have been assessed at the full amount that is expected to be incurred.

During the year, the Company has met all its cash outflow requirements through the sale of Oncology products and from Royalty income.

2.2 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) 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.

Notes to the Financial Statements Continued

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 2017 have been converted to euro at an exchange rate of 1.1331 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.

2.3 Intangible assets

Licences and technical know how

Acquired licences are shown at historical cost. Licences have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate licences fee over their estimated remaining useful economic lives from the time they are put to use.

2.4 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. An impairment loss recognised in a prior period is reversed to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. 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.

2.5 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 The Company's loans and 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.

2.6 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.

2.7 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.

2.8 Trade payables

Trade payables are recognised at cost.

2.9 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.

Borrowings are classified as current liabilities.

(b) 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.

2.10 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.

2.11 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.

2.12 Taxation

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.

3. Financial risk management

3.1 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.

At 30 September 2017, Unsecured loan of €14.111 million, which had a carrying value of €14.111 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.

5 Administrative expenses by nature

	Year ended 30 Sep 2017 €'000	Year ended 30 Sep 2016 €'000
Auditor's remuneration in respect of the audit of the financial statements *	**25**	22
Legal & Professional Fees	**71**	16
Analytical & Testing	**20**	29
Directors Fees	**13**	14
Amortization expenses	**16**	17
Other expenses	**48**	61
Total Operating expenses	**193**	159

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

6. Employees, directors and key management

The Company presently has 2 Directors and their emolument is given below:

Aggregate remuneration of Directors (the "key management personnel")	**Year ended 30 Sep 2017 Number €'000**	Year ended 30 Sep 2016 Number **€'000**
Emoluments	**13**	14
	13	14

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 2017 €'000	Year ended 30 Sep 2016 €'000
Emoluments	**12**	12
	12	12

7 Income tax

The tax charge for the year was Nil (Previous Year: 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 19% (Previous Year: 20%) and has been reconciled to the tax charge below.

	Year ended 30 Sept 2017	Year ended 30 Sept 2016
	€'000	€'000
Profit for the year on ordinary and discontinued operations	**1997**	2,356
Profit on ordinary activities multiplied by the standard rate of corporation tax of 19.5% (2016: 20%)	**389**	471
Effects of:		
Expenses not deductible for tax purposes	**-**	-
Research & development tax relief	**-**	-
Amortisation of intangible assets	**3**	3
Tax profits relieved by unrecognised deferred tax asset	**(392)**	(474)
Tax on loss on ordinary/discontinued activities Charge	**-**	-

Enacted tax rate

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 to 19 per cent from 1 April 2017, 19% from 1 April 2018 and to 17 per cent from 1 April 2020.

8 Intangible assets

	Licence fee	Intellectual Property Rights	Total
	€'000	€'000	€'000
Year ended 30 September 2016			
Opening net book amount	1,650	-	1,650
Amortisation charge	(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**
Year ended 30 September 2017			
Opening net book amount	1,633	-	1,633
Add: Revaluation	34	-	34
Add: Reversal of impairment**	-	1,492	1,492
Amortisation charge	(16)	-	(16)
Closing net book amount	**1,651**	**1,492**	**3,143**
At 30 September 2017			
Net book amount	**1,651**	**1,492**	**3,143**

*There are no intangible assets with indefinite useful lives.

**As set out in the basis of preparation, the directors have decided to prepare the financial statements on a basis other than that of a going concern. Accordingly, the Company has tested its intangible assets for impairment. The Company undertook an external valuation of its intellectual property rights and concluded that the recoverable value is greater the carrying amount. As such, the impairment previously taken against the intellectual property rights has been reversed by €1,492,000.

The impairment of the intellectual property rights arose when the previous business of manufacturing and selling Erythropoietin was discontinued in the 2015.

9 Inventories

	30 Sep 2017 €'000	30 Sep 2016 €'000
Stock-in-Trade	**79**	265
	79	265

Inventories as at 30th September 2017 are stated at the lower of cost and net realisable value. There is no material difference between the cost of inventories and their net realisable value. The total cost of inventories recognised through cost of sales during the year was €0.269 million (Previous Year: € 0.32 million).

10 Trade and other receivables

	30 Sep 2017 €'000	30 Sep 2016 €'000
Trade receivables	**87**	128
Other receivables	**608**	43
Prepayments	**9**	7
	704	178

As at 30 September 2017, there is no provision for impairment for trade receivables, as the directors believe that full amount will be recovered.

As at 30 September 2017, 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
2017	**87**	**63**	**24**
2016	**128**	**88**	**40**

Notes to the Financial Statements Continued

10 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.

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 2017	30 Sep 2016
	€'000	€'000
Cash at hand and in bank	**9**	225
	9	225

11 Trade and other payables

	30 Sep 2017	30 Sep 2016
	€'000	€'000
Current		
Trade payables	**14**	253
Accruals	**116**	78
Amount owed to Group Companies	**720**	720
	850	1,051

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 240 days (Previous Year: 8 days).

12 Borrowings

	30 Sep 2017	30 Sep 2016
Current	**€'000**	€'000
4% convertible loan note	**-**	145
Unsecured loan*	**14,111**	-
	14,111	145

	30 Sep 2017	30 Sep 2016
	€'000	€'000
Non-current		
Unsecured loan*	**-**	14,121
	-	14,121

Notes to the Financial Statements Continued

* On 8 January 2010, the Company entered into an unsecured loan agreement with RLS BV, the Parent Company. The above loan agreement went under a series of revisions based on Company's business plans for increasing the loan amount and tenure. The Company is in discussion with RLS BV to determine the modalities to settle the loan. 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 2017					
4% convertible loan note	-	-	-	-	-
Unsecured loan	-	14,111	-	-	14,111
Total borrowings	**-**	**14,111**	**-**	**-**	**14,111**
As at 30 September 2016					
4% convertible loan note	-	145	-	-	145
Unsecured loan	-	-	-	14,121	14,121
Total borrowings	**-**	**145**	**-**	**14,121**	**14,266**

Fair value

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

	30 Sep 2017		30 Sep 2016	
	Carrying amount €'000	Fair value €'000	Carrying amount €'000	Fair value €'000
Unsecured Loan (Current Liability)	14,111	**14,111**		
Unsecured Loan (Non-Current Liability)			14,121	**14,121**
	14,111	**14,111**	**14,121**	14,121

The Company is in discussion with RLS BV to determine the modalities to settle the loan.

Notes to the Financial Statements Continued

13 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 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
As at 30 September 2017 (€0.11/£0.10 per share)	**190,495**	**26,412**	**41,601**	**68,013**

All issued shares are fully paid.

14 Other Reserves

	Capital reserve[i] €'000	Exchange reserve[ii] €'000	Total other reserves €'000
Balance at 1st October 2015	3,924	(643)	3,281
Changes during the year:	-	-	-
Reversal of Equity element of loan notes	(437)	-	(437)
Balance at 30 September 2016	3,487	(643)	2,844
Addition/Deletion during the year:			
Changes during the year	-	-	-
Balance at 30 September 2017	**3,487**	**(643)**	**2,844**

i) Capital reserve as on closing date represents the waiver of cumulative interest due on the outstanding loan as the same is waived off by the parent company (i.e RLS BV).

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 0.

15 Cash flow from operating activities

	Year ended 30 Sep 2017 €'000	Year ended 30 Sep 2016 €'000
Profit/(Loss) for the year/period before taxation	**464**	2,319
Adjustments for:		
Foreign Exchange gain/Loss on finance cost	**-**	(2)
Liabilities written back	**-**	(2,340)
Amortisation of intangible	**16**	17
Operating cash flows before movement in working capital	**480**	(6)
(Increase)/ Decrease in inventories	**186**	(174)
Decrease/ (Increase) in trade and other receivables	**(526)**	172
(Decrease)/ Increase in trade and other payables	**(201)**	(1,386)
Cash (used in)/ from operations	**(61)**	(1,394)

17 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.

Notes to the Financial Statements Continued

	Year ended 30 Sep 2017	Year ended 30 Sep 2016
	€'000	€'000
Discontinued Operations		
Revenue	-	-
Cost of Sales	-	-
Gross Profit	-	-
Employee Benefit expense	-	-
Depreciation, amortisation and impairment charges	-	-
Operating lease payments	-	-
Foreign exchange gain/(loss)	-	-
Other expenses	-	(5)
Total	-	(5)
Operating Loss	-	(5)
Loan note written back	-	2,240
Other Liabilities written back	-	100
Misc Income*	**466**	-
Reversal of impairment of intangible asset**	**1,492**	-
Finance Cost	-	-
Profit/(Loss) before Taxation	**1,958**	2,335
Taxation (Refer Note 7)	-	-
Profit/(Loss) for the year/ period from discontinued operations	**1,958**	2,335

*on account of a favourable verdict on litigation with M/s Gland Pharma Limited

**Reversal of the impairment of the EPO intellectual property, refer to note 8 for further details

Cash Flow from Discontinued Operations

	Year ended 30 Sep 2017 €'000	Year ended 30 Sep 2016 €'000
Cash flows used in operating activity	-	(5)
Cash flows from investing activity	-	-
Cash flows used in financing activity	-	-

18 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 earned royalty income of € 0.186 million (Previous Year: € 0.159 million) from the group entities. The Company purchased products from RLSPL worth € 0.084 million. RLSPL made a payment of €0.194 million to the Company. The Company made payment to RLSPL of € 0.410 million. The balance due to RLSPL as on 30 September 2017 is €0.598 million (Previous Year: € 0.927 million) and balance payable by RLSPL as on 30 September 2017 is €0.050 million (Previous Year: €0.059 million).

Loans from related parties

In previous years, 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 2017 is €14.111 million (period ended September 2016:€ 14.121 million.), the modalities for settlement of which are being discussed.

19 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.

20 Events after the Reporting Period

The Company has decided to close down the trading activity of its Oncology products and the effect of this is reflected in this financial statements of 30 September 2017. The details and explanation is given in the Strategic Report and notes to financial Statements of this Report.