

Genseq Limited

Annual Report & Consolidated Financial Statements

For the Period Ended 30 June 2010

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Company Information

Directors

Mr Jean-Yves Christian Sireau

Mr James Mellon

Mr Denham Eke

Mr Waqas Awan (appointed 10 July 2010)

Mr Nicolas Sireau (resigned 10 July 2010)

Secretary

Riviera Nominees Limited

Registered Office

3rd floor, Windward House

La Route de la Liberation

St Helier

Jersey JE2 3BQ

British Isles

Company Number

97220

Auditors

Grant Thornton

Certified Public Accountants

Tower Business Centre, Suite 3

Tower Street

Swatar BKR 4013

Malta

Directors' Report

As at 30 June 2010

The directors present their report and the audited financial statements for the year ended 30 June 2010.

Principal activities

Genseq Limited's (the company) principal activities include health risk assessment (HRA) Services provided to corporations as part of a corporate wellness strategy.

Business update – 30 June 2010

Sales and Prospects update – USA

During the final quarters of the fiscal year, HealthierCompany LLC (Genseq Ltd.'s US subsidiary) signed and completed projects with Total Long-term Care and Panorama Orthopedics. The projects were completed successfully for both organizations and the HRA was well received by the employees according to the feedback we received. Both projects were joint efforts with our partner US Corporate Wellness. The partnership with US Corporate Wellness continues to progress successfully and we are pursuing several additional joint projects in the US for the remainder of calendar year 2010.

After participating in a Request for Proposals for Parker Hannifin US, HealthierCompany was selected as one of the top 10 companies in the submission process. After a teleconference with Executives from Parker Hannifin, further eliminations were made and we were invited to their corporate headquarters in Ohio to present as one of the final 3 companies in contention for the 50,000 employee launch. The project has yet to be awarded to a company but we believe it is an accomplishment to be selected as one of the final 3 companies. We were competing with 2 organizations that have been in the US market for well over 15 years and that are much greater in size than HealthierCompany.

Throughout the last half of the fiscal year, HealthierCompany made formal presentations to several companies in the US. Some of the US organizations include Parker Hannifin, Pur Fitness, Corporate Wellness Advisors, Ravinia Club, Mercer in the Southeast and Children's Hospital of Denver.

In an effort to build our menu of services for HRA and post HRA interventions and increase our reseller channels within the US, we are in the process of forming new strategic partnerships with Wellcoaches, Cambium Wellness and additional wellness program providers. Forming relationships with these complimentary companies will increase HealthierCompany's exposure to partner client base and will enable us to offer our HealthDrive HRA in conjunction with EAP and Health Coaching. HealthierCompany and Wellcoaches are currently in discussions regarding a bundled package of HRA and health coaching to market to existing and prospective clients in the US.

Continuing to analyze our strategic positioning within the US, we have identified an emerging market within the health and fitness industry for HealthDrive HRA. We see the opportunity as two fold. First, within the corporate wellness sector of the club operations and second, within the member population of the club. There is a new industry focus on the Exercise is Medicine movement following demand from corporations and consumers for health clubs to offer more comprehensive health services. The highly vocal American College of Sports Medicine is a large proponent of this approach and has included in its core recommendations to health facilities that they offer a Health Risk Appraisal to all new and existing members in the future. Our strategy will be to target fitness clubs, hospital based wellness centers, Business athletic clubs, churches with wellness centers and other entities offering fitness, wellness, spa memberships through direct mail, professional memberships and networking opportunities.

Sales and Prospects update – Asian region

During Q3 and Q4 in Asia Pacific, HealthierCompany completed new formal presentations to corporations including Berjaya Sampo, Seagate International, Spa Asia and MobileHealth2U. Collaborative discussions continued to progress with 2 of the 3 largest Global Benefits Consulting Companies, Marsh/Mercer in Malaysia, Singapore and the US and Towers Watson in Singapore.

Directors' Report

As at 30 June 2010

One of our most promising business development initiatives is our burgeoning relationship and project work with Marsh/Mercer Asia including a white-label of our HRA, branded as Health Drive (www.health-drive.com). As global health and wellness continues to decline, Marsh/Mercer has enacted a world-wide strategic initiative to offer a more comprehensive approach to employee health improvement for their existing and prospective corporate clients. They recognize HealthierCompany's HealthDrive HRA as an integral tool for completing their package in Asia Pacific by exploring incorporation of it in two ways:

- As a value-added component of their new 'flexi' health and benefits packages. Their flexi benefits packages are designed to help companies reduce costs by incentivizing employees to take better care of their health and adopt healthy behaviors. For this business proposition, Marsh Malaysia will purchase HRA subscriptions directly from HealthierCompany on a per employee per year basis. The HRA will then be made available via the Marsh Malaysia white-label version to their existing and prospective clients.
- By introducing HealthierCompany as a preferred HRA and health and wellness consultant. HealthierCompany will serve as advisors to Marsh Malaysia clients regarding launch and administration of HRA and subsequent health and wellness programming designed to positively impact their employee health and well being. In this business proposition, client referrals from Marsh Malaysia will purchase HRA subscriptions and consult directly with HealthierCompany rather than passing through Marsh Malaysia.

Regional Insurance Companies and Benefit Consulting Companies recognize that Asia Pacific is potentially a strong emerging market for HRA and wellness programming. Time and resources will continue to be allocated toward educating companies on the benefits and potential impact localized health initiatives will have on their employee productivity, absenteeism, presenteeism and health and well being. One such effort to expand brand and product awareness in the region is through co-presenting with Marsh for a series of breakfast meetings with their current and prospective clients. These meetings are currently taking place and will continue through the remainder of calendar year 2010.

As we continue our meetings within Asia Pacific, we are being informed of the need for a full menu of wellness options, including HRA and intervention programs. In order to offer this full spectrum wellness approach, we are actively seeking and identifying local wellness providers that may be successful potential partners to HealthierCompany. We will work with these providers to incorporate localized wellness program interventions that will complement our HRA and that can be offered on a large scale within Asia Pacific. We are also contemplating the development of proprietary wellness interventions that will be offered directly through HealthierCompany. These proprietary programs may include pedometer programs, newsletters, and health related seminars among other interventions programs. Further research is being completed into the prospect and future viability of developing such wellness programs independently.

HealthierCompany has identified a well established EAP and health coaching partner, Human Dynamic, and is in the process of finalizing a Strategic Alliance contract at this time. Human Dynamic has a long standing tradition in the marketplace with offerings including corporate EAP and health coaching programs throughout Asia and the Middle East. They have several large MNCs as part of their client portfolio, many that are seeking the best localized HRA. HealthierCompany and Human Dynamic intend to partner together in the region to offer our HRA and EAP and Coaching services as a joint effort. Early indications are positive for the success of this alliance as we have already received interest in a combined project from Google in Australia.

In addition to corporate prospects, we have received inquiries from private hospitals in Malaysia who are interested in incorporating our HRA into their website. Many hospitals are enhancing their online presence and services and seeking opportunities to tie in their online services to project medical services such as health screening. Our system is an ideal vehicle for this as it highlights health risks to individual consumers and makes recommendations personalized recommendations for things like health screening and disease management. We will further our efforts within this market due to interest that we are receiving.

Staffing and Operations update

Our staffing and operations has continued to become streamlined in 2010. In addition to her existing US responsibilities, Holly Iftner has and will continue to focus on new strategic partnership identification, wellness program development and management, client project management and new business line development within Asia Pacific. In Q3 and Q4, we added 3 new US sales contractors/resellers and converted an Asia Pacific Sales Representative to an Independent Sales Contractor within the region. We intend to continue to build our contract sales and reseller team in the US and Asia Pacific with the intention of building the team of contract and reseller sellers to approximately 10 by the end of calendar year 2010. We have had additional staffing changes within our technology department as we strive to build the most efficient system and staffing structure. The company (including its subsidiaries) employs nine persons currently.

Directors' Report

As at 30 June 2010

Marketing and Brand Recognition Building update

Our efforts to build brand recognition and a strong, trusted corporate name have resulted in Holly being named to the Board of Advisors/Directors for the highly respected International Medical Wellness Association, selected as a Global Commerce International Ambassador for the Atlanta Chamber of Commerce and named to a subcommittee of the Regional Education Committee in Atlanta. We established new corporate memberships with the International Health and Racquet Sportsclub Association and the International Association of Worksite Health Promotion in Q3 and Q4. We will continue to further pursue brand identity promotion and networking opportunities through board and committee involvement, professional memberships and conference participation. We are now using the "HealthierCompany" brand throughout our marketing communications (corresponding to the name of our US wholly owned subsidiary, HealthierCompany LLC). The "Genseq" brand will in due course be deprecated.

In order to increase our exposure to potential clients through functioning as Experts in the media, we are developing media relationships with local television stations and reporters and will continue to 'pitch' story ideas to media outlets.

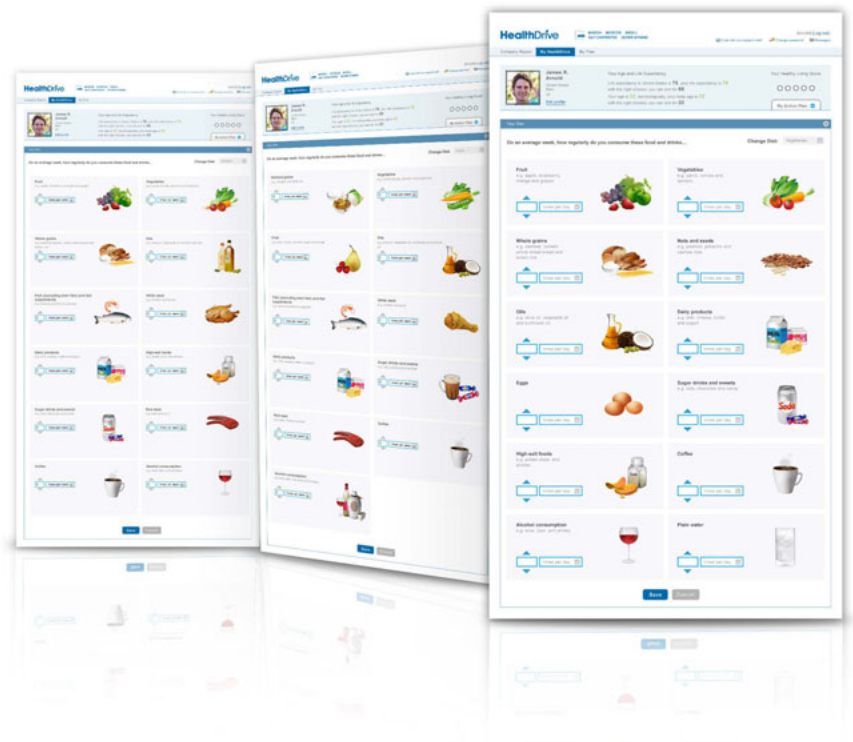
Several key conferences have been identified as potential speaking engagements and networking opportunities. In the first six months of 2010, we attended the International Health and Racquet Sportsclub Association and the American Journal of Health Promotion Conferences with Holly selected as a Session Leader for the 20th Annual Art and Science of Health Promotion Conference. These conferences have over 1000 in attendance and are targeted to Corporate Human Resources Professionals and Health and Fitness Executives. Currently, we have speaker applications submitted in order to present at industry specific conferences and webinars in 2011.

We are continuing to pursue community events and opportunities for alignment with other well recognized organizations. Meetings have commenced with the YMCA, Central Education Center, and Berean Christian Church in the US and the Singapore Health Promotion Board in Asia Pacific.

Product Development update

We have further enhanced the range and depth of localization options offered by HealthDrive HRA. We regard HealthDrive to be the industry-leading product in terms of localization. Localization is the ability to adapt the HRA for specific countries and populations, and includes:

- True multilingual support – our system can be translated into virtually any language and script. We developed the first Malay-language HRA. A Spanish and Mandarin version is now also available.
- Country-specific risk prediction – health risk profiles can vary markedly according to country. Where possible, we localize the risk prediction algorithm according to country of residence. We are able to achieve this through the use of data from international organizations such as the World Health Organization, the International Labor Organization and others.
- Cultural adaptation – we tailor the health questionnaire according to the culture and customs of a country or population. An example of this is the Diet assessment in which the presentation of questions and descriptions of food groups can be chosen according to Asian, Western and vegetarian diet types.



Directors' Report

As at 30 June 2010

These localization features are proving to be a key USP in the Asia-Pacific region. There is currently a dearth of sufficiently localized and culturally adapted wellness products and services and this is limiting the growth of the industry globally. Almost all competing HRA systems have been developed in the US and are based on US-population data. The few HRA systems that are being marketed globally are merely translations of US-centric systems and their limitations for non-US populations are well known.

Further product developments include:

- **New Interface Design**

We have implemented a new and more streamlined interface design for HealthDrive HRA. The new design is based around a home screen or dashboard that provides easier navigation between the various health topics within the HRA. It also makes it easier to complete the HRA and comprehend the results. The new interface was designed as part of the implementation of the white-label for Marsh & McLennan Companies (MMC) in Asia.

- **HealthDrive Aggregator**

We have developed a powerful and automated aggregation tool called HealthDrive Aggregator. This tool allows administrators to create customized reports to interrogate the health data and trends for their population. This includes the ability to create charts relating to any of the health topics covered by HealthDrive and segmenting data by gender, age group and date. Multiple charts for each health topic can also be created to make cross-comparisons, for example, between male and female, young and old, now and a year ago etc. This offers a powerful tool for administrators to monitor the status and trends at population-level.



HRA is a ubiquitous first and essential step towards implementing an effective wellness program. As a HRA provider, we sit atop of the wellness pyramid. Over the past year we have honed the capabilities of HealthDrive HRA and HealthDrive Aggregator as tools for measuring individual and population health. Our current focus is to go beyond this and help organizations to translate the information that can be gleaned from aggregated HRA data into tangible strategies for improving the health and wellness of their populations. To achieve this, we are working to integrate a model to estimate direct and indirect healthcare costs based on the HRA profiles of a population. This would allow organizations to identify their key health cost-drivers and to prioritize targeted health-intervention programs aimed at improving population health. Some examples of targeted health-interventions are: smoking cessation programs, one-to-one health coaching, disease management programs, health screening, exercise activities, educational seminars on topics such as nutrition, stress management and employee assistance. Many companies are already offering some of these initiatives, but their value can only be measured and realized when coupled with an effective HRA.

Statement of Directors' Responsibilities

For the Year Ended 30 June 2010

The Companies (Jersey) Law 1991 requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group as at the end of the financial year and of the profit or loss of the company and the group for that year.

In preparing these financial statements, the directors are required to:

- adopt the going concern basis unless it is inappropriate to presume that the company and the group will continue in business;
- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- account for income and charges relating to the accounting period on the accruals basis;
- value separately the components of asset and liability items; and
- report comparative figures corresponding to those of the preceding accounting period.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the company and the group and to enable them to ensure that the financial statements have been properly prepared in accordance with the provisions of the The Companies (Jersey) Law, 1991. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and presentation of financial statements that are free from material misstatement, whether due to fraud or error. They are also responsible for safeguarding the assets of the company and the group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Income Statements

For the Year Ended 30 June 2010

	Notes	Group		Company	
		2010 GBP	2009 GBP	2010 GBP	2009 GBP
Revenues		212	85	212	85
Direct expenses		(45)	(679)	(45)	(679)
Gross profit (loss)		167	(594)	167	(594)
Administrative expenses		(333,689)	(368,909)	(164,264)	(252,182)
Finance income	6	46,258	113,707	46,258	113,707
Loss for the year	8	(287,264)	(255,796)	(117,839)	(139,069)
Attributable to:					
Equity holders of the parent		(287,264)	(255,796)	(117,839)	(139,069)
Loss per share					
- basic for the year	9	(0.92 cents)	(0.81 cents)	(0.38 cents)	(0.44 cents)

Statements of Financial Position

As at 30 June 2010

	Notes	Group		Company	
		2010 GBP	2009 GBP	2010 GBP	2009 GBP
ASSETS					
Non-current assets					
Intangible asset	10	6,035	33,186	14,819	81,504
Property, plant and equipment	11	18,206	28,101	616	2,573
Investment in subsidiaries	12	-	-	36,011	36,011
Long-term receivables	13	-	-	429,614	158,240
Total non-current assets		24,241	61,287	481,060	278,328
Current assets					
Receivables	13	8,557	6,087	2,448	-
Cash and cash equivalents	14	408,279	726,555	348,255	700,684
Total current assets		416,836	732,642	350,703	700,684
TOTAL ASSETS		414,077	793,929	831,763	979,012
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the parent					
Share capital	15	156,942	156,942	156,942	156,942
Share premium	16	1,082,058	1,082,058	1,082,058	1,082,058
Share options reserve	16	11,653	11,653	11,653	11,653
Exchange translation reserve	16	(25,295)	12,301	-	-
Accumulated losses	17	(868,292)	(581,028)	(500,537)	(382,698)
Total equity		357,066	681,926	750,116	867,955
Current liabilities					
Trade and other payables	18	84,011	112,003	81,647	111,057
Total liabilities		84,011	112,003	81,647	111,057
TOTAL EQUITY AND LIABILITIES		441,077	793,929	831,763	979,012

The financial statements on pages 5 to 18 were approved by the board of directors and authorised for issue on 15 October 2010 and signed on its behalf by



Jean-Yves Christian Sireau
Director

Statements of Changes in Equity

For the Year Ended 30 June 2010

Group	Share capital GBP	Share premium GBP	Share options reserve GBP	Exchange translation reserve GBP	Accumulated losses GBP	Total GBP
Balance at 1 July 2008	156,900	1,081,100	-	6,809	(325,232)	919,577
Exchange differences arising on translation of foreign operations	-	-	-	5,492	-	5,492
Issue of shares	42	958	-	-	-	1,000
Issue of share options	-	-	11,653	-	-	11,653
Loss for the year	-	-	-	-	(255,796)	(255,796)
At 30 June 2009	156,942	1,082,058	11,653	12,301	(581,028)	681,926
At 1 July 2009	156,942	1,082,058	11,653	12,301	(581,028)	681,926
Exchange differences arising on translation of foreign operations	-	-	-	(37,596)	-	(37,596)
Loss for the year	-	-	-	-	(287,264)	(287,264)
At 30 June 2010	156,942	1,082,058	11,653	(25,295)	(868,292)	357,066

Company	Share capital GBP	Share premium GBP	Share options reserve GBP	Accumulated losses GBP	Total GBP
At 1 July 2008	156,900	1,081,100	-	(243,629)	994,371
Issue of shares	42	958	-	-	1,000
Issue of share options	-	-	11,653	-	11,653
Loss for the year	-	-	-	(139,069)	(139,069)
At 30 June 2009	156,942	1,082,058	11,653	(382,698)	867,955
At 1 July 2009	156,942	1,082,058	11,653	(382,698)	867,955
Loss for the year	-	-	-	(117,839)	(117,839)
At 30 June 2010	156,942	1,082,058	11,653	(500,537)	750,116

Statements of Cash Flows

For the Year Ended 30 June 2010

	Notes	Group		Company	
		2010 GBP	2009 GBP	2010 GBP	2009 GBP
Operating activities					
Loss for the year		(287,264)	(255,796)	(117,839)	(139,069)
Adjustments for:					
Amortisation for intangible assets	10	27,151	27,151	66,685	66,686
Depreciation and overprovision for property, plant & equipment	11	13,833	15,574	1,957	3,589
Interest receivable		(1,543)	(23,718)	(1,543)	(23,718)
Exchange rate differences on translating foreign operations		(41,534)	1,431		
Increase in fair value of share options		-	11,653	-	11,653
Operating cash flows before changes in working capital		(289,357)	(223,705)	(50,740)	(80,859)
Change in receivables		(2,470)	1,361	(2,448)	577
Change in trade and other payables		(27,992)	15,991	(29,410)	17,978
		(319,819)	(206,353)	(82,598)	(62,304)
Investing activities					
Payments to acquire property, plant and equipment		-	(5,954)	-	(5,439)
Advances to subsidiary undertakings		-	-	(271,374)	(114,188)
Interest received		1,543	23,718	1,543	23,718
		1,543	17,764	(269,831)	(95,909)
Financing activity					
Proceeds on issue of share capital		-	1,000	-	1,000
Net increase in cash and cash equivalents		(318,276)	(187,589)	(352,429)	(157,213)
Cash and cash equivalents at beginning of year		726,555	914,144	700,684	857,897
Cash and cash equivalents at end of year	14	408,279	726,555	348,255	700,684

Notes to the Financial Statements

For the Year Ended 30 June 2010

1. Nature of operations

The group's principal activities include personal genomics, disease prediction and Health Risk Assessment (HRA) services provided to corporations as part of a corporate wellness strategy as well as developing software applications and solutions in the field of bioinformatics. The consolidated financial statements of Genseq Limited for the year ended 30 June 2010 were authorised for issue in accordance with a resolution of the directors on 30 September 2010.

2. General information

The financial statements of the company and consolidated financial statements of the group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), and comply with the provisions under the Companies (Jersey) Law, 1991.

Genseq Limited, a limited liability company is the ultimate parent company of the group. It was incorporated and domiciled in Jersey. The address of the company's registered office is 3rd floor, Windward House, La Route de la Liberation, St Helier, Jersey, JE2 3BQ.

The controlling parties of the group are Mr Jean-Yves Christian Sireau and Mr James Mellon.

The financial statements are presented in Great Britain pounds (GBP), which is also the functional currency of the company. The functional currencies of its subsidiaries are the United States dollar (USD) and the Malaysian Ringgit (MYR).

3. Changes in accounting policies

3.1 Overall considerations

The group has adopted the following new interpretations, revisions and amendments to IFRS issued by the International Accounting Standards Board, which are relevant to and effective for the company's and group's financial statements for the annual period beginning 1 January 2009.

- IAS 1 Presentation of Financial Statements (Revised 2007)
 - Amendments to IFRS 7 Financial Instruments Disclosures - improving disclosures about financial instruments
 - Amendments to IFRS 2 Share-based payments

Significant effects on current, prior or future periods arising from the first-time application of these new requirements in respect of presentation, recognition and measurement are described in notes 3.2, 3.3 and 3.4.

3.2 Adoption of IAS 1 Presentation of Financial Statements (Revised 2007)

The adoption of the standard does not affect the financial position or results of the company and the group, but gives rise to additional disclosures. The measurement and recognition of the company's and group's assets, liabilities, income and expenses is unchanged, however, some items that were recognised in equity are now recognised in other comprehensive income. In the case of the company and the group there is no other comprehensive income and therefore there is no significant change in disclosure and only an income statement is presented. Two comparative periods are to be presented for the statement of financial position when the company and the group: (i) apply an accounting policy retrospectively, (ii) make a retrospective restatement of items in its financial statements, or (iii) reclassify items in the financial statements. Since the company and the group did not apply any of these, a further comparative period is not required.

3.3 Adoption of amendments to IFRS 7 Financial Instruments: Disclosures - Improving disclosures about financial instruments

The amendments require additional disclosures for financial instruments that are measured at fair value in the statement of financial position. These fair value measurements are categorised into a three-level fair value hierarchy which reflects the extent to which they are based on observable markets data. The company and the group do not have any financial instruments which fall into this category.

3.4 Adoption of amendments to IFRS 2 Share-based payments

The IASB has issued an amendment to IFRS 2 regarding vesting conditions and cancellations. None of the group's current share-based payment scheme is affected by the amendments.

Notes to the Financial Statements

For the Year Ended 30 June 2010

3.5 Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the company and the group

At the date of authorisation of these financial statements certain new standards, amendments or interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the company and the group.

Management anticipates that all of the pronouncements will be adopted in the company's and group's accounting policies for the first period beginning after the effective date of the pronouncement. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the company's and the group's financial statements.

4. Summary of significant accounting policies

4.1 Overall considerations

The significant accounting policies that have been used in the preparation of these financial statements are summarised below.

The financial statements have been prepared using the measurement bases specified by IFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable and reliable in the circumstances, the results of which form the basis of making the judgements about carrying amounts 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 period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

In the opinion of the directors, the accounting estimates and judgements made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS 1 (revised).

4.2 Basis of consolidation

The group financial statements consolidate those of the company and of its subsidiary undertakings drawn up to 30 June 2010.

Subsidiaries are all entities over which the group has the power to control the financial and operating policies. Genseq Limited obtains and exercises control through more than half of the voting rights. All subsidiaries have a reporting date of 30 June.

Unrealised gains and losses on transactions between group companies are eliminated. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the group.

Profit or loss of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

4.3 Revenue recognition

Revenue is recognised when the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity, the costs incurred or to be incurred can be measured reliably, and when the criteria for the group's activities has been met.

Interest income is reported on an accrual basis using the effective interest method.

Notes to the Financial Statements

For the Year Ended 30 June 2010

4.4 Foreign currency translation

The consolidated financial statements are presented in Great Britain pounds (GBP), which is also the functional currency of the parent company.

Foreign currency transactions are translated into the functional currency of the respective group entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of statement of financial position monetary items at year-end exchange rates are recognised in profit or loss.

Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction (not retranslated). Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined.

In the group's financial statements, all assets, liabilities and transactions of group entities with a functional currency other than the GBP, are translated into GBP upon consolidation. The functional currency of the entities in the group have remained unchanged during the reporting period.

On consolidation, assets and liabilities have been translated into GBP at the closing rate at the reporting date. Income and expenses have been translated into the group's presentation currency at the average rate over the reporting period. Exchange differences are charged and recognised in the translation reserve in equity. On disposal of a foreign operation the cumulative translation differences recognised in equity are reclassified to profit or loss and recognised as part of the gain or loss on disposal. Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into GBP at the closing rate.

4.5 Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin.

4.6 Leases

Payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

4.7 Intangible assets

Intangible assets are stated at cost. The development costs represent costs incurred in developing the company's website. Amortisation is charged on the following bases:

	%
Development costs	30

4.8 Property, plant and equipment

Items of property, plant and equipment comprise of motor vehicles, office and computer equipments, and furniture and fittings, and are initially recognised at acquisition cost. Subsequently they are carried at acquisition cost less subsequent depreciation and impairment losses.

Depreciation is recognised on a straight-line basis to write down the cost of property, plant and equipment. The periods generally applicable are:

	Years
Computer equipment	3 $\frac{1}{3}$
Office equipment	5
Fixtures and fittings	5

Notes to the Financial Statements

For the Year Ended 30 June 2010

4.9 Impairment testing on intangible and tangible assets

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for the impairment and some are tested at cash-generating unit level.

All individual assets or cash-generating units are tested for impairment whenever events or changes in the circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the greater of its fair value less costs to sell and its value in use. To determine the value in use, the group's management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. Discount factors are determined individually for each cash-generating unit and reflect their respective risk profiles as assessed by the company's management.

Impairment losses are recognised in the profit or loss. Impairment losses for cash-generating units are charged pro rata to the assets in the cash-generating unit. All assets are subsequently reassessed for the indications that an impairment loss previously recognised may no longer exist. An impairment charge that has been recognised is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

4.10 Investment in subsidiaries

Investments in subsidiaries are included in the company's statement of financial position at cost less any impairment loss that may have arisen. Income from investments is recognised only to the extent of distributions received by the company from post-acquisition profits. Distributions received in excess of such profits are regarded as a recovery of the investment and are recognised as a reduction of the cost of the investment.

At the end of each reporting period, the company reviews the carrying amount of its investment in the subsidiaries to determine whether there is any indication of impairment and, if any such indication exists, the recoverable amount of the investment is estimated. An impairment loss is the amount by which the carrying amount of an investment exceeds its recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use. An impairment loss that has been previously recognised is reversed if the carrying amount of the investment exceeds its recoverable amount. An impairment loss is reversed only to the extent that the carrying amount of the investment does not exceed the carrying amount that would have been determined if no impairment loss had been previously recognised. Impairment losses and reversals are recognised immediately in the profit and loss.

4.11 Financial instruments

Financial assets and financial liabilities are recognised when the group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Financial assets and financial liabilities are measured initially at fair value plus transactions costs. They are measured subsequently as described below.

Financial assets

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- loans and receivables; and
- available-for-sale financial assets.

The category determines subsequent measurement and whether any resulting income and expense is recognised in profit or loss.

All financial assets are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

Notes to the Financial Statements

For the Year Ended 30 June 2010

4. Summary of accounting policies (Cont.)

All income and expenses relating to financial assets that are recognised in profit or loss are presented within 'finance costs', 'finance income' or 'other financial items'.

Loans and receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The group's cash and cash equivalents and most of the receivables fall into this category of financial instruments.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other available features of shared credit risk characteristics. Impairment of receivables are presented within 'administrative expenses'.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. The company's available-for-sale financial assets include the equity investments in its subsidiary undertakings.

The equity investment in the company's subsidiary undertakings is measured at cost less any impairment charges, as its fair value cannot currently be estimated reliably. Impairment charges are recognised in profit or loss.

Financial liabilities

The group's financial liabilities include trade and other payables.

Financial liabilities are measured subsequently at amortised cost using the effective interest method.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within 'finance costs' or 'finance income'.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Equity and reserves

Share capital represents the nominal value of shares that have been issued.

Share premium includes any premiums received on issue of share capital.

Accumulated losses include all current and prior period losses.

Exchange translation reserve include all exchange differences arising from the translation of the financial statements of overseas subsidiaries.

Share-based employee remuneration

The group operates equity-settled share-based remuneration plans for its employees and directors. None of the group's plans feature any options for a cash settlement.

All services received in exchange for the grant of any share-based payment are measured at their fair values. Where employees are rewarded using share-based payments, the fair values of employees' and directors' services are determined indirectly by reference to the fair value of the equity instruments granted.

All share-based remuneration is ultimately recognised as an expense in profit or loss with a corresponding credit to share options reserve.

Notes to the Financial Statements

For the Year Ended 30 June 2010

4. Summary of accounting policies (Cont.)

If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Estimates are subsequently revised, if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share options ultimately exercised are different to that estimated on vesting.

Upon exercise of share options, the proceeds received net of any directly attributable transaction costs up to the nominal value of the shares issued are allocated to share capital with any excess being recorded as share premium.

Provision and contingent liabilities

Provisions are recognised when present obligations as a result of a past event will probably lead to an outflow of economic resources from the company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events. Provisions are not recognised for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. 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. Provisions are discounted to their present values, where the time value of money is material.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

5. Employee benefits expense

	Notes	Group		Company	
		2010 GBP	2009 GBP	2010 GBP	2009 GBP
Directors' remuneration		75,000	90,000	75,000	90,000
Wages and salaries		164,659	163,666	8,552	68,014
Social security costs		2,900	22,281	-	-
Staff rent		-	6,884	-	-
Share based payments	5.1	-	11,653	-	11,653
		242,559	294,484	83,552	169,667

The average number of persons employed during the year was as follows:

	Group		Company	
	2010 No.	2009 No.	2010 No.	2009 No.
Administration	8	15	1	13

Notes to the Financial Statements

For the Year Ended 30 June 2010

5.1 Share-based employment remuneration

The group has an employee share option scheme (the "scheme") for granting of non-transferrable options to eligible employees. Options are granted with a fixed exercise price and with life of up to five years at the date of grant. Awards under the scheme are generally reserved for employees at senior management level and above. Options granted under the scheme will be exercisable after the vesting period established at the date of grant, subject to continued employment. Options were valued using the Black-Scholes option-pricing model. No performance conditions were included in the fair value calculations. The fair value per option granted and the assumptions used in the calculation are as follows:

	Grant date 1 May 2007
Value of share at grant	GBP 0.10
Exercise price	GBP 0.12
Expected life (years)	5
Risk-free rate	4%
Expected volatility	150%
Dividend yield	0%
Fair value of option	GBP 0.08

At 30 June 2010, options under this scheme were outstanding over:

- 150,000 ordinary shares at GBP0.12 exercisable between 1 May 2009 and 1 May 2012.

The expected life of options is the average expected period to exercise. A reconciliation of option movements over the years ended 30 June 2010 and 2009 is shown below:

	Group		Company	
	2010	2009	2010	2009
	No.	WAEP GBP	No.	WAEP GBP
Outstanding at the beginning of the year	150,000	0.12	150,000	0.12
Outstanding at the end of the year	150,000	0.12	150,000	0.12
Exercisable at the end of the year	150,000	0.12	150,000	0.12

The weighted average share price at the date of exercise for share options exercised during the year was GBP0.12. The options outstanding at 30 June 2010 had an exercise price of GBP0.12, and a weighted average remaining contractual life of 3.33 years.

The total charge for the year relating to employee share-based payment plans was GBP11,653 in 2009.

Notes to the Financial Statements

For the Year Ended 30 June 2010

6. Finance income

	Group		Company	
	2010 GBP	2009 GBP	2010 GBP	2009 GBP
Interest income from demand deposits	1,543	23,718	1,543	23,718
Gain on foreign currency transactions	44,715	89,989	44,715	89,989
Finance income	46,258	113,707	46,258	113,707

7. Taxation

The group is not subject to tax.

On 14 August 2008, one of the subsidiaries, Genseq Sdn Bhd, was awarded the Multimedia Super Corridor status ("MSC Status") making the subsidiary company eligible for pioneer status for 100% tax exemption for a period of ten years or on investment tax allowance for up to five years and no duties on the importation of multimedia equipment.

At the end of the reporting period, taxable temporary differences, unutilised tax losses and unabsorbed capital allowances for which no deferred tax has been recognised by the subsidiary company amounted to GBP86,503 (2009: GBP34,855). The unutilised tax losses and unabsorbed capital allowances are subject for approval from tax authorities.

8. Loss for the year

The loss for the year is stated after charging:

	Notes	Group		Company	
		2010 GBP	2009 GBP	2010 GBP	2009 GBP
Directors' remuneration	5	75,000	90,000	75,000	90,000
Depreciation and overprovision of property, plant and equipment	11	13,833	15,574	1,957	3,589
Amortisation of intangible assets	10	27,151	27,151	66,685	66,686
Auditor's remuneration		2,754	3,435	2,382	2,212

9. Loss per share

	Group		Company	
	2010 GBP	2009 GBP	2010 GBP	2009 GBP
Loss attributable to equity holders of the company	(287,264)	(255,796)	(117,839)	(139,069)
Weighted average number of ordinary shares in issue	31,388,333	31,388,333	31,388,333	31,388,333
Loss per share	(0.92 cents)	(0.81 cents)	(0.38 cents)	(0.44 cents)

Notes to the Financial Statements

For the Year Ended 30 June 2010

10. Intangible asset

	Development costs	
	Group GBP	Company GBP
Cost		
At 30 June 2009 and 30 June 2010	90,505	222,285
Amortisation		
At 1 July 2008	30,168	74,095
Amortisation for the year	27,151	66,686
At 30 June 2009	57,319	140,781
At 1 July 2009	57,319	140,781
Amortisation for the year	27,151	66,685
At 30 June 2009	84,470	207,466
Carrying amounts		
At 30 June 2010	6,035	14,819
At 30 June 2009	33,186	81,504

Notes to the Financial Statements

For the Year Ended 30 June 2010

11. Property, plant and equipment

The group's and company's property, plant and equipment comprise of leasehold improvements, fixtures and fittings and computer equipment. The carrying amounts can be analysed as follows:

Group	Leasehold improvements GBP	Fixtures & fittings GBP	Computer equipment GBP	Total GBP
Cost				
At 1 July 2008	12,230	10,572	17,362	40,164
Exchange adjustment	1,412	1,168	1,822	4,402
Additions	-	508	6,883	7,391
Overprovision in the previous period	(1,437)	-	-	(1,437)
At 30 June 2009	12,205	12,248	26,067	50,520
At 1 July 2009	12,205	12,248	26,067	50,520
Exchange adjustment	2,358	2,366	3,776	8,500
Additions	-	-	-	-
At 30 June 2010	14,563	14,614	29,843	59,020
Depreciation				
At 1 July 2008	1,218	1,162	4,124	6,504
Exchange adjustment	56	51	234	341
Charge for the year	2,804	2,610	10,304	15,718
Overprovision in previous period	(144)	-	-	(144)
At 30 June 2009	3,934	3,823	14,662	22,419
Depreciation				
At 1 July 2009	3,934	3,823	14,662	22,419
Exchange adjustment	1,020	850	2,692	4,562
Charge for the year	2,654	2,663	8,516	13,833
At 30 June 2010	7,608	7,336	25,870	40,814
Carrying amounts				
At 30 June 2010	6,955	7,278	3,973	18,206
At 30 June 2009	8,271	8,425	11,405	28,101

Notes to the Financial Statements

For the Year Ended 30 June 2010

11. Property, plant and equipment (Cont.)

Company	Computer equipment GBP
Cost	
At 1 July 2008	1,086
Additions	5,438
At 30 June 2009 and 2010	6,524
Depreciation	
At 1 July 2008	-
Charge for the year	362
At 30 June 2009	3,589
Depreciation	
At 1 July 2009	3,951
Charge for the year	1,957
At 30 June 2010	5,908
Carrying amount	
At 30 June 2010	616
At 30 June 2009	2,573

12. Investment in subsidiaries

	Company	
	2010 GBP	2009 GBP
At 30 June	36,011	36,011

Notes to the Financial Statements

For the Year Ended 30 June 2010

12. Investment in subsidiaries (Cont.)

The company has the following unquoted investments in subsidiaries:

Name of company	Registered office	Proportion of ownership interest	Nature of business
Genseq Sdn Bhd	C-2-11, 2nd Floor, Block C, SME Technopreneur Centre 2, 2260 Jalan Usahawan 1, 63000 Cyberjaya, Malaysia	100%	Operational software company
HealthierCompany LLC	16192 Coastal Highway, Lewes, Delaware 19958, County of Sussex, United States of America	100%	Health risk appraisal

During the year, HealthierCompany LLC was established in the state of Delaware, wherein issuance of shares is not a requirement for incorporation. There was no acquisition of shares, however the company was elected as the sole managing member, making HealthierCompany LLC its wholly-owned subsidiary. The company also provided a loan to its subsidiary which served as initial capital to start its operations.

13. Receivables

	Group		Company	
	2010 GBP	2009 GBP	2010 GBP	2009 GBP
Amounts owed by subsidiary undertaking	-	-	429,614	158,240
Loans and receivables	-	-	429,614	158,240
Prepayments	3,903	-	2,407	-
Other receivables	4,654	6,087	41	-
Total receivables	8,557	6,087	432,062	158,240
Comprising:				
Long-term receivables				
Amounts owed by subsidiary undertakings	-	-	429,614	158,240
Current				
Receivables	8,557	6,087	2,448	-
	8,557	6,087	432,062	158,240

The amounts owed by subsidiary undertakings are unsecured, interest free and have no fixed date of repayment.

The carrying value of short-term financial assets is considered a reasonable approximation of fair value. The fair value of long-term financial assets is not materially different from their carrying amounts.

Notes to the Financial Statements

For the Year Ended 30 June 2010

14. Cash and cash equivalents

Cash and cash equivalents include the following components:

	Group		Company	
	2010 GBP	2009 GBP	2010 GBP	2009 GBP
Fixed deposits	250,106	632,470	250,106	632,470
Cash at bank and in hand	158,173	94,085	98,149	68,214
Cash and cash equivalents in the balance sheet and statement of cash flows	408,279	726,555	348,255	700,684

Bank balances and cash comprise cash and short-term deposits held by the group treasury function. The carrying amount of these assets approximates their fair value.

Fixed deposits have fixed interest rates between 0.05% and 1.19% with terms varying between 30 and 90 days.

The group did not have any restrictions on its cash in hand and at bank at year end.

15. Share capital

The share capital of Genseq Limited consists entirely of issued, called up and fully paid ordinary shares with a par value of GBP 0.005 each. All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at the shareholders' meeting of Genseq Limited.

	Company			
	2010		2009	
	GBP	No.	GBP	No.
Authorised				
Ordinary shares of GBP 0.005 each	100,000,000	20,000,000,000	100,000,000	20,000,000,000
Issued, called up and fully paid				
At the beginning of the year	156,942	31,388,333	156,900	31,380,000
Issued	-	-	42	8,333
At the end of the year	156,942	31,388,333	156,942	31,388,333

The group has a share option scheme under which options to subscribe for the company's shares have been granted to employees (see note 5).

Notes to the Financial Statements

For the Year Ended 30 June 2010

16. Reserves

Group	Share premium	Share options reserve	Exchange translation reserve	Total
	GBP	GBP	GBP	GBP
At 1 July 2008	1,081,100	-	6,809	1,087,909
Exchange differences arising on translation of foreign operations	-	-	5,492	5,492
Issue of shares	958	-	-	958
Increase in fair value of share options	-	11,653	-	11,653
At 30 June 2009	1,082,058	11,653	12,301	1,106,012
At 1 July 2009	1,082,058	11,653	12,301	1,106,012
Exchange differences arising on translation of foreign operations	-	-	(37,596)	(37,596)
At 30 June 2010	1,082,058	11,653	(25,295)	1,068,416

Company	Share premium	Share options reserve	Total
	GBP	GBP	GBP
At 1 July 2008	1,081,100	-	1,081,100
Issue of shares	958	-	958
Increase in fair value of share options	-	11,653	11,653
At 30 June 2009 and 30 June 2010	1,082,058	11,653	1,093,711

17. Accumulated losses

	Group		Company	
	2010 GBP	2009 GBP	2010 GBP	2009 GBP
At 1 July	(581,028)	(325,232)	(382,698)	(243,629)
Loss for the year	(287,264)	(255,796)	(117,839)	(139,069)
At 30 June	(868,292)	(581,028)	(500,537)	(382,698)

Notes to the Financial Statements

For the Year Ended 30 June 2010

18. Trade and other payables

	Group		Company	
	2010 GBP	2009 GBP	2010 GBP	2009 GBP
Trade payables	1,423	7,696	-	4,786
Amount due to related party	-	25	-	24
Amount due to related company	7,199	6,535	7,199	6,535
Accruals	75,389	97,747	74,448	99,712
Financial liabilities	84,011	112,003	81,647	111,057

The carrying value of financial liabilities is considered a reasonable approximation of fair value.

Amounts due to related company and related party are unsecured, interest free and have no fixed date of repayment.

19. Risk management objectives and policies

The group is exposed to credit risk, liquidity risk and market risk through its use of financial instruments which result from its operating and investing activities. The group's risk management is coordinated by the directors and focuses on actively securing the group's short to medium term cash flows by minimising the exposure to financial risks.

19.1. Credit risk

The group's exposure to credit risk is limited to the carrying amount of financial assets recognised at the end of the reporting period, as summarised below:

	Notes	Group		Company	
		2010 GBP	2009 GBP	2010 GBP	2009 GBP
Classes of financial assets - carrying amounts					
Receivables	13	-	-	432,062	158,240
Cash and cash equivalents	14	408,279	726,555	348,255	700,684
		408,279	726,555	780,317	858,924

In respect of loans and receivables, the group is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. No credit risk is associated with the amount due from related parties since they are credit worthy counterparties.

None of the group's financial assets is secured by collateral or other credit enhancements.

The credit risk for liquid funds is considered limited since the counterparties are banks with high credit ratings assigned by international credit rating agencies.

Notes to the Financial Statements

For the Year Ended 30 June 2010

19.2. Liquidity risk

The group's exposure to liquidity risk arises from its obligations to meet its financial liabilities, which comprise of trade and other payables. Prudent liquidity risk management includes maintaining sufficient cash and committed credit facilities to ensure the availability of an adequate amount of funding to meet the group's obligations when they become due.

The group manages its liquidity needs through yearly cash flow forecasts by carefully monitoring expected cash inflows and outflows on a frequent basis. The group's liquidity risk is not deemed to be significant in view of matching of cash inflows and outflows arising from the expected maturities of financial instruments.

The contractual maturities of the group's financial liabilities at the reporting dates under review are explained in note 18.

19.3. Foreign currency sensitivity

The group's revenue, purchases and operating expenditure and financing are mainly denominated in GBP (Great Britain Pound) and euro. The group is exposed to very limited foreign exchange risk with respect to certain activities which are denominated in euro and US\$.

The group does not enter into any hedging positions to mitigate the exposure to foreign currency risk arising on euro denominated transactions.

19.4. Interest rate risk

The group is not exposed to interest rate risk since it does not have any interest bearing borrowings.

19.5. Categories of financial assets and liabilities

The carrying amounts of financial assets and liabilities as recognised at the end of the reporting periods under review may also be categorised as follows. See note 4.11 for explanations about how the category of financial instruments affects their subsequent measurement.

	Notes	Group		Company	
		2010 GBP	2009 GBP	2010 GBP	2009 GBP
Financial assets					
Non-current					
Loans and receivables	13	-	-	432,062	158,240
Current					
Cash and cash equivalents	14	408,279	726,555	348,255	700,684
		408,279	726,555	780,317	858,924
Financial liabilities measured at amortised cost					
Current					
Trade and other payables	18	84,011	112,003	81,647	111,057

Notes to the Financial Statements

For the Year Ended 30 June 2010

20. Capital management policies and procedures

The group's capital management objectives are to ensure its ability to continue as a going concern. The group also maintains adequate cash resources to enable it to meet future investment plans in line with the desired objectives of the members.

In order to maintain or adjust the capital structure, the Group may issue new shares, limit the amount of dividends paid, or sell assets to reduce debt, as applicable.

The group monitors the level of debt, which includes trade and other payables and amounts owed to subsidiary undertakings less cash and bank balances against total capital on an ongoing basis. The directors consider the groups gearing level at year end to be appropriate for its business.

21. Related party transactions

The company's related parties include its subsidiary companies, key management personnel and other related companies which are all ultimately commonly controlled.

Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantee was given or received. Transactions with related companies are generally effected on a cost plus basis. Outstanding balances are usually settled in cash. Amounts owed by/to related parties are shown separately in notes 13 and 18.

22. Post-reporting date events

No adjusting or significant non adjusting events have occurred between the end of the reporting period and the date of authorisation of the financial statements on 15 October 2010 by the board.

Independent Auditors' Report

To the shareholders of

Genseq Limited

We have audited the accompanying financial statements of Genseq Limited and the consolidated financial statements of its group set out on pages 5 to 18, which comprise the statements of financial position of the company and the group as at 30 June 2010, and their income statements, statements of changes in equity and statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control of the company and the group. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion,

- the company's financial statements give a true and fair view of its financial position as at 30 June 2010 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, and
- the group's consolidated financial statements give a true and fair view of its financial position as at 30 June 2010 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Also, in our opinion, these financial statements have been properly prepared in accordance with the Companies (Jersey) Law, 1991.

Mark Bugeja (Partner) for and on behalf of

Grant Thornton

Certified Public Accountants

Tower Business Centre, Suite 3

Tower Street

Swatar BKR 4013 - Malta

15 October 2010

Schedule to the Income Statements

For the Year Ended 30 June 2010

	Group		Company	
	2010 GBP	2009 GBP	2010 GBP	2009 GBP
Revenue				
Turnover	212	85	212	85
Cost of sales	(45)	(679)	(45)	(679)
	167	(594)	167	(594)
Directors' remuneration	75,000	90,000	75,000	90,000
Wages and salaries	164,659	163,666	8,552	68,014
Share based payment	-	11,653	-	11,653
Other staff cost	10,336	30,412	969	1,246
Advertising and promotion	2,105	3,327	815	3,327
Advisory fees	-	(12,537)	-	(12,537)
Audit fees	2,754	3,435	2,382	2,212
Accounting fees	770	600	-	600
Bank charges and interest	559	544	468	500
Cleaning	536	423	-	-
Licencing fee	-	-	-	-
Computer expenses	1,743	3,903	660	2,785
Depreciation	13,833	15,574	1,957	3,589
General office expenses	3,672	944	225	(143)
Legal and professional fees	8,729	12,452	4,613	12,376
Postage and courier expenses	120	475	-	-
Printing and stationery	617	169	-	513
Rent and insurance	12,748	10,794	-	-
Repairs and maintenance	286	1,056	-	-
Subscriptions	74	1,304	-	1,304
Telephone	1,139	314	190	57
Travelling and accomodation	4,206	1,314	1,748	-
Water and electricity	2,652	1,936	-	-
Website amortisation	27,151	27,151	66,685	66,686
	333,689	368,909	164,264	252,182
Other Income				
Interest income on bank deposits	1,543	23,718	1,543	23,718
Gain on foreign currency transactions	44,715	89,989	44,715	89,989
	46,258	113,707	46,258	113,707



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