

GENESIS RESEARCH AND DEVELOPMENT
CORPORATION LIMITED

FINANCIAL STATEMENTS

and

STATUTORY INFORMATION

ANNUAL REPORT 2008

Auditor's Report

To the Shareholders of Genesis Research and Development Corporation Limited.

We have audited the financial statements on pages 4 to 28. The financial statements provide information about the past financial performance of the company and group and their financial position and cash flows as at 31 December 2008. This information is stated in accordance with the accounting policies set out on pages 8 to 17.

This report is made solely to the company's shareholders, as a body, in accordance with Section 205(1) of the Companies Act 1993. Our audit has been undertaken so that we might state to the company's shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Directors' Responsibilities

The directors are responsible for the preparation of financial statements which comply with generally accepted accounting practice in New Zealand, as it relates to the cessation basis of preparation, and give a true and fair view of the financial position of the company and group as at 31 December 2008 and of its financial performance and cash flows for the year ended on that date.

Auditor's Responsibilities

It is our responsibility to express an independent opinion on the financial statements presented by the directors and report our opinion to you.

Basis of Opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- the significant estimates and judgements made by the directors in the preparation of the financial statements; and
- whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with generally accepted auditing standards in New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Other than in our capacity as auditor we have no relationship with, or interest in, the company or any of its subsidiaries.

Basis of Preparation of the Financial Statements

The financial statements have been prepared on a cessation basis as described in Note 2(b). This basis differs from the normal convention in that financial statements are usually prepared on the basis that the company will carry on business as a going concern. Under the cessation basis, the financial statements include adjustments to the net book value of assets, reducing them to the amounts expected to be realised, together with additional provisions and liabilities which will arise as a result of the company ceasing to trade.

Our opinion is not qualified in this respect.

Qualified Opinion

As stated in note 4(d) no provision has been made in respect of the property lease commitment on the basis that the directors believe that it is likely that the premises could be sublet or the lease could revert to the landlord with no significant penalty if the company did not wish to occupy the premises up to the end of the term of the lease. We have not been able to obtain sufficient evidence to substantiate the appropriate amount for a property lease commitment. Any adjustment to recognise this provision would increase the company's liabilities and would increase the loss for the year by the same amount. In this respect alone we have not obtained all the information and explanations that we have required.

In our opinion:

- proper accounting records have been kept by the company as far as appears from our examination of those records: and

- except for adjustments that may be necessary to record the company's obligations under their property lease, the financial statements on pages 4 to 28:
- comply with generally accepted accounting practice in New Zealand as it relates to the cessation basis of preparation; and
- give a true and fair view of the financial position of the company and group as at 31 December 2008 and their financial performance and cash flows for the year ended on that date.

Our audit was completed on 20 February 2009 and our qualified opinion is expressed as at that date.

Ernst & Young
Auckland

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER

	Note	Group \$000		Parent \$000	
		2008	2007	2008	2007
INCOME					
Total Income	6	1,152	776	1,047	776
EXPENDITURE					
Research and development		(3,343)	(3,927)	(3,342)	(3,927)
Special provisions	7	(3,153)	-	(396)	-
Administration		(2,191)	(1,940)	(2,176)	(1,940)
Total Expenditure	7	(8,687)	(5,867)	(5,914)	(5,867)
Net loss from continuing operations before income tax					
		(7,535)	(5,091)	(4,867)	(5,091)
Income tax expense	8	-	-	-	-
Net loss from continuing operations after income tax					
		(7,535)	(5,091)	(4,867)	(5,091)
Net profit from discontinued operations after income tax	9	-	4,327	-	-
Net loss for the period attributable to equity holders of the parent					
		(7,535)	(764)	(4,867)	(5,091)

EARNINGS PER SHARE

	Note	Group	
		2008 Cents	2007 Cents
Basic and diluted earnings per share			
From continuing operations		(28.84)	(19.49)
From discontinued operations		-	16.56
Total basic earnings per share	10	(28.84)	(2.92)

The income statement above should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER

Group

For the year ended 31 December 2008	Ordinary Shares \$000	ESOP Reserve \$000	Retained Deficit \$000	Total \$000
At 1 January 2008	76,506	208	(68,010)	8,704
Loss for the period	-	-	(7,535)	(7,535)
Total income and expense for the period	-	-	(7,535)	(7,535)
Equity Transactions:				
Share-based payment	-	1	-	1
At 31 December 2008	76,506	209	(75,545)	1,170
For the year ended 31 December 2007				
At 1 January 2007	76,506	315	(67,246)	9,575
Loss for the period	-	-	(764)	(764)
Total income and expense for the period	-	-	(764)	(764)
Equity Transactions:				
Share-based payment	-	(107)	-	(107)
At 31 December 2007	76,506	208	(68,010)	8,704

Parent

For the year ended 31 December 2008	Ordinary Shares \$000	ESOP Reserve \$000	Retained Deficit \$000	Total \$000
At 1 January 2008	76,506	208	(72,489)	4,225
Loss for the period	-	-	(4,867)	(4,867)
Total income and expense for the period	-	-	(4,867)	(4,867)
Equity Transactions:				
Share-based payment	-	1	-	1
At 31 December 2008	76,506	209	(77,356)	(641)
For the year ended 31 December 2007				
At 1 January 2007	76,506	315	(67,398)	9,423
Loss for the period	-	-	(5,091)	(5,091)
Total income and expense for the period	-	-	(5,091)	(5,091)
Equity Transactions:				
Share-based payment	-	(107)	-	(107)
At 31 December 2007	76,506	208	(72,489)	4,225

The statement of changes in equity above should be read in conjunction with the accompanying notes.

BALANCE SHEET

AS AT 31 DECEMBER

	Note	Group \$000		Parent \$000	
		2008	2007	2008	2007
ASSETS					
Cash and cash equivalents	11	859	5,778	859	5,778
Receivables and prepayments	12	774	2,526	764	386
Investment	13	-	744	-	-
Property, plant and equipment	15	110	455	110	453
Total Assets		1,743	9,503	1,733	6,617
LIABILITIES					
Trade and other payables	16	(206)	(560)	(205)	(513)
Provisions	17	(367)	(239)	(367)	(239)
Intercompany payable	14(c)	-	-	(1,802)	(1,640)
Total Liabilities		(573)	(799)	(2,374)	(2,392)
NET ASSETS		1,170	8,704	(641)	4,225
EQUITY					
Equity attributable to equity holders of the parent					
Issued capital	18	76,506	76,506	76,506	76,506
ESOP Reserve	21	209	208	209	208
Retained deficit		(75,545)	(68,010)	(77,356)	(72,489)
Total Equity		1,170	8,704	(641)	4,225

The balance sheet above should be read in conjunction with the accompanying notes.

For and on behalf of the Board who authorised the issue of these financial statements on
20 February 2009

J H von Roy
Director

J N McLean
Director

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER

	Note	Group \$000		Parent \$000	
		2008	2007	2008	2007
Cash Flows from Operating Activities					
Receipts from grants and royalties		24	621	24	175
Receipt for services provided		406	-	208	-
<i>Receipt from sale of Investment</i>		-	1,956	-	-
Interest received		313	550	313	550
Payments to suppliers and employees		(5,538)	(6,332)	(5,520)	(3,930)
Net cash inflow from/(used in) operating activities	19	(4,795)	(3,205)	(4,975)	(3,205)
Cash Flows from Investing Activities					
Proceeds from sale of property, plant and equipment		29	82	10	82
Payments for purchase of property, plant and equipment		(153)	(67)	(153)	(67)
Net cash inflow from/(used in) investing activities		(124)	15	(143)	15
Cash Flows from Financing Activities					
Intercompany funding		-	-	199	-
Net cash inflow from/(used in) financing activities		-	-	199	-
Net increase/(decrease) in cash and cash equivalents		(4,919)	(3,190)	(4,919)	(3,190)
Net foreign exchange movements		-	(25)	-	(25)
Cash and cash equivalents at beginning of period		5,778	8,993	5,778	8,993
Cash and cash equivalents at end of period		859	5,778	859	5,778
Cash balance comprises of:					
Cash in current account		48	147	48	147
Short term deposits		811	5,631	811	5,631
Ending cash carried forward	11	859	5,778	859	5,778

The cash flow statement above should be read in conjunction with the accompanying notes.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008

1. Corporate Information

Genesis Research and Development Corporation Limited ("Genesis") is a company incorporated in New Zealand, registered under the Companies Act 1993 and listed on the New Zealand and Australian Stock Exchanges.

Genesis Research and Development Corporation Ltd is an issuer for the purpose of the Financial Reporting Act 1993.

The Company and its subsidiaries comprise the Genesis Research and Development Corporation Limited Group (Group). AgriGenesis Biosciences Limited (AgriGenesis) has been the only trading subsidiary but ceased active operations in December 2007.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements of Genesis and the Group, have been prepared in accordance with generally accepted accounting practice in New Zealand (NZ GAAP) as it relates to the cessation basis of preparation discussed below and the requirements of the Companies Act 1993 and the Financial Reporting Act 1993.

The financial statements have also been prepared on a historical cost basis, except for investments which have been measured at fair value and property, plant and equipment which has been valued at recoverable value.

For the purposes of complying with NZ GAAP, Genesis is profit oriented.

The financial reports, except for cash flow information, have been prepared using the accrual basis of accounting.

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000).

(b) Inherent Uncertainty - Going Concern

The financial statements of Genesis and the Group have been prepared on a cessation basis because of inherent uncertainty as to whether the going concern assumption can be satisfied having given due consideration to the underlying performance of the business, the net cash position and the Group's financial position for the year after the date of these financial statements. The inherent uncertainty relates particularly to the recoverability of the debt from Pure Power Global Limited (PPG), the sale of PPG shares and the receipt of income from licences or collaborations which impact significantly on the Group's liquidity and cash flow position.

The cessation basis requires the carrying value of assets to be the amounts they are expected to realise if sold. Liabilities which may occur on a cessation basis have been accrued.

In common with many other biotechnology companies, the Group's operations are subject to considerable risks due to technical and commercial risks of the developments undertaken. To allow the Group to execute its longer term plans, it will be necessary to achieve new licensing or collaboration revenue or to raise additional capital in the near future. The Directors cannot be certain of the success of the intended fund raising activities.

The Directors currently plan to continue the Group's business as normal including realisation of assets and settlement of liabilities in the ordinary course of business.

As discussed in note 24, the Group is currently working on business development initiatives and opportunities to raise capital.

(c) Statement of compliance

The financial statements have been prepared in accordance with NZ GAAP as it relates to the cessation basis of preparation as described above. The Group has not complied with NZ IAS 37 'Provisions, Contingent Liabilities and Contingent Assets', which requires a provision to be made only if there is a present obligation as a result of a past event. The Group has recognised a provision for redundancy costs in 2008, which it is not committed to, as this is required under the cessation basis of preparation.

(d) New accounting standards and interpretations

Standards and Interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the Group for the annual reporting period ending 31 December 2008 are outlined in the table below.

Reference	Title	Summary	Application date of standard	Impact on Group financial statements	Application date for Group
NZ IFRS 8	Operating Segments	New standard replacing NZ IAS 14 <i>Segment Reporting</i> , which adopts a management approach to segment reporting.	1 January 2009	NZ IFRS 8 is a disclosure standard so it will have no direct impact on the amounts included in the Group's financial statements.	1 January 2009
NZ IAS 1 (revised)	Presentation of Financial Statements	Introduces a statement of comprehensive income. Other revisions include impacts on the presentation of items in the statement of changes in equity, new presentation requirements for restatements or reclassifications of items in the financial statements, changes in the presentation requirements for dividends and changes to the titles of the financial statements.	1 January 2009	The amendments are expected to only affect the presentation of the Group's financial statements and will not have a direct impact on the measurement and recognition of amounts under the current NZ IAS 1. The Group has not determined at this stage whether to present the new statement of comprehensive income as one or two statements.	1 January 2009
Amendments to NZ IFRS 2	Amendments to NZ IFRS 2 Share-based Payments – Vesting Conditions and Cancellations	Clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. It also specifies that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment.	1 January 2009	This is consistent with the Group's existing accounting policies for share-based payments, so the amendments are not expected to have any impact on the Group's financial statements.	1 January 2009
Amendments to NZ IAS 32 and NZ IAS 1	Revised Amendments to NZ Equivalent to International Accounting Standard 32 <i>Financial Instruments: Presentation</i> and NZ Equivalent to International Accounting Standard 1 <i>Presentation of Financial Statements- Puttable Financial Instruments and Obligations Arising on Liquidation</i>	Deals with the accounting for particular types of financial instruments that have characteristics similar to ordinary shares but are currently classified as financial liabilities. The amendments require these types of financial instruments to be classified as equity, provided they have particular features and meet specific conditions.	1 January 2009	The Group does not have any of these financial instruments and as such these amendments are not expected to have any impact on the Group's financial statements.	1 January 2009

Reference	Title	Summary	Application date of standard	Impact on Group financial statements	Application date for Group
NZ IAS 27 (amended)	Consolidated and Separate Financial Statements – cost of an investment in a subsidiary, jointly controlled entity or associate	The amendments to NZ IAS 27 delete the ‘cost method’. NZ IAS 27 will require all dividends from a subsidiary, jointly controlled entity or associate to be recognised in profit or loss in its separate financial statements. The distinction between pre- and post-acquisition profits is no longer required. Payments of such dividends require the entity to consider whether there is an indicator of impairment.	1 January 2009	The Group does not expect these amendments to impact the financial statements of the Group.	1 January 2009
NZ IAS 16 (minor amendment)	Property, Plant and Equipment	Recoverable amount is the higher of an asset fair value less costs to sell and its value in use.	1 January 2009	The Group has not yet determined the extent of the impact of the amendments, if any.	1 January 2009
NZ IAS 23 (revised)	Borrowing Costs	The amendments to NZ IAS 23 require that all borrowing costs associated with a qualifying asset must be capitalised.	1 January 2009	The amendments to NZ IAS 23 require that all borrowing costs associated with a qualifying asset be capitalised. The Group has no borrowing costs associated with qualifying assets and as such the amendments are not expected to have any impact on the Group’s financial statements.	1 January 2009
Improvements to NZ IF***	Improvements to NZ IFRS ***	The improvements project is an annual project that provides a mechanism for making non-urgent, but necessary, amendments to IFRS. The IASB has separated the amendments into two parts: Part 1 deals with changes the IASB identified as resulting in accounting changes; Part 2 deals with either terminology or editorial amendments that the IASB believes will have minimal impact.	1 January 2009 except for amendments to NZ IFRS 5, which are effective from 1 July 2009.	The Group has not yet determined the extent of the impact of the amendments, if any.	

(e) Basis of Consolidation

The consolidated financial statements comprise the financial statements of Genesis Research and Development Corporation Limited and its subsidiaries as at 31 December each year (the Group).

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Investments in subsidiaries held by Genesis Research & Development Corporation Limited are accounted for at cost in the separate financial statements of the parent entity.

The acquisition of subsidiaries is accounted for using the purchase method of accounting. The purchase method of accounting involves allocating the cost of the business combination to the fair value of the assets acquired and the liabilities and contingent liabilities assumed at the date of acquisition.

(f) Segment Reporting

The Group's primary reporting format is business segments.

A business segment is a distinguishable component of the entity that is engaged in providing products or services that are subject to risks and returns that are different to those of other operating business segments. Management has assessed the reportable business segments under NZ IAS 14 Segment Reporting and has determined that on adoption of NZ IFRS 8 Segment Reporting (applicable from 1 January 2009); no additional operating segments are likely to be reported.

The Group operates within New Zealand only. On this basis geographical segment reporting is not applicable.

(g) Foreign Currency Translation*(i) Functional and presentation currency*

Both the functional and presentation currency of the group is New Zealand dollars (\$).

(ii) Transaction & balances

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

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

(h) Cash and Cash Equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity 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.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above.

(i) Trade and Other Receivables

Trade receivables, which generally have 30-60 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for impairment.

Collectability of trade receivables is reviewed on an ongoing basis. Individual debts that are known to be uncollectible are written off when identified. An impairment provision is recognised when there is objective evidence that the Group will not be able to collect the receivable. Financial difficulties of the debtor, default payments or debts more than 60 days overdue are considered objective evidence of impairment. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rate.

(j) Discontinued operations

A discontinued operation is a component of the entity that has been disposed of, has ceased active operations, or is classified as available for sale and that represents a separate major line of business. The results of discontinued operations are presented separately on the face of the income statement and the assets and liabilities are presented separately on the face of the balance sheet.

(k) Investments and Other Financial Assets

Investments and financial assets in the scope of NZ IAS 39 Financial Instruments: Recognition and Measurement are categorised as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Designation is re-evaluated at each financial year end, but there are restrictions on reclassifying to other categories.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of assets not at fair value through profit or loss, directly attributable transaction costs.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired. These are included in current assets, except for those with maturities greater than 12 months after balance date, which are classified as non current.

(ii) Available-for-sale investments

Available-for-sale investments are those non-derivative financial assets, principally equity securities that are designated as available-for-sale or are not classified as loans and receivables, held to maturity investments or financial assets at fair value through the Income Statement.

The fair values of investments that are actively traded in organised financial markets are determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments with no active market, fair values are determined using valuation techniques. Such techniques include: using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible and keeping judgemental inputs to a minimum.

(l) Property, Plant & Equipment

The company has three classes of property, plant & equipment:

- Scientific equipment
- Leasehold improvements
- Office furniture, equipment and computers

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation. All other repairs and maintenance are recognised in profit or loss as incurred.

Depreciation is provided on a straight line basis over the estimated useful life of the specific assets as follows:

- | | |
|---|--------------|
| • Scientific Equipment | 3 to 8 years |
| • Leasehold Improvements | 8.5 years |
| • Office Furniture, Equipment and Computers | 2 to 8 years |

The carrying amount of property, plant and equipment is reviewed at reporting date to assess whether there is any indication that the item may be impaired. If there is any indication that the carrying amount of the item exceeds its recoverable amount, the Group recognises the loss in the Income Statement. Gains and losses on disposals are determined by comparing proceeds with the carrying amount

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Consistent with the cessation basis of accounting, the carrying amount for each item was reviewed to estimate what the net realisable value would be if it was sold today, based on recent sales and disposal of property, plant and equipment. The potential loss on disposal of assets have been provided for as a provision for property, plant and equipment impairment and charged to the Income Statement.

(m) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term. Operating lease incentives are recognised as a liability when received and

subsequently reduced by allocating lease payments between rental expense and reduction of the liability.

(n) Impairment of non-financial assets other than goodwill

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Genesis Group conducts an annual internal review of asset values, which is used as a source of information to assess for any indicators of impairment. External factors, such as changes in expected future processes, technology and economic conditions, are also monitored to assess for indicators of impairment. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that have suffered impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

Impairment losses booked under Cessation basis of preparation

Under the Cessation basis of preparation, property, plant and equipment has been impaired to recoverable value with the resulting loss charged to the Income Statement. Recoverable value has been based on the likely market price which would be obtained if the property, plant and equipment was sold on an arm's length basis.

(o) Provision for Impairment of Financial Assets

Loans and receivables are reviewed at each balance date to determine whether there is any objective evidence of impairment as a result of one or more loss events that occurred after the initial recognition of the loan and prior to the reporting date. The loss event has to have had an impact on the reliable measurement of estimated future cash flows. If any such indication exists, the assets' recoverable amount is estimated and provision is made for the difference between the carrying amount and the recoverable amount. The recoverable amounts of loans measured at amortised costs are calculated as the present value of the expected future cash flows discounted at the instrument's original effective interest rate.

The impairment provisions are deducted from finance receivables in the balance sheet and the movement in the impairment provisions is recognised in the Income Statement. Bad debts are written off against the provision in the year in which they are identified. If in a subsequent period the amount of an impairment loss decreases and the decrease is linked objectively to an event occurring after the impairment loss, the loss is reversed through the Income Statement.

(p) Research and Development Costs

Research costs are expensed as incurred. Any intangible asset arising from development expenditure on an internal project is recognised only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the development and the ability to measure reliably the expenditure attributable to the intangible asset during its development. Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Any expenditure so capitalised is amortised over the period of expected benefit from the related project.

The carrying value of an intangible asset arising from development expenditure is tested for impairment annually when the asset is not yet available for use, or more frequently when an indication of impairment arises during the reporting period.

(q) Trade and Other payables

Trade and other payables are carried at amortised costs. Due to their short term nature they are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future

payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

(r) Provisions and employee benefits

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date using a discounted cash flow methodology. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

Employee leave benefits

Liabilities for wages and salaries, including non-monetary benefit and annual leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' service up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

Redundancy Provision

Consistent with the cessation basis of accounting, certain costs which may be incurred on cessation have been provided for. The Group has made a redundancy provision for all staff at balance date.

(s) Share-based payment transactions

The Group provides benefits to its employees (including key management personnel) in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

There is currently one plan in place to provide these benefits, the Employee Share Option Plan (ESOP) with two separate pools of options which expire in 2009 and 2011.

The cost of these equity-settled transactions with employees (for awards granted after 7 November 2002 that were unvested at 1 January 2005) is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using a BlackScholes model, further details of which are given in note 21.

In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of Genesis if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled (the vesting period), ending on the date on which the relevant employees become fully entitled to the award (the vesting date).

At each subsequent reporting date until vesting, the cumulative charge to the income statement is the product of:

- (i) the grant date fair value of the award;
- (ii) the current best estimate of the number of awards that will vest, taking into account such factors as the likelihood of employee turnover during the vesting period and the likelihood of non-market performance conditions being met; and
- (iii) the expired portion of the vesting period.

The charge to the income statement for the period is the cumulative amount as calculated above less the amounts already charged in previous periods. There is a corresponding entry to equity.

Equity-settled awards granted by Genesis to employees of subsidiaries are recognised in the parent's separate financial statements as an additional investment in the subsidiary with a corresponding credit

to equity. As a result, the expense recognised by Genesis Group in relation to equity-settled awards only represents the expense associated with grants to employees of the parent. The expense recognised by the Group is the total expense associated with all such awards.

Until an award has vested, any amounts recorded are contingent and will be adjusted if more or fewer awards vest than were originally anticipated to do so. Any award subject to a market condition is considered to vest irrespective of whether or not that market condition is fulfilled, provided that all other conditions are satisfied.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

(t) Contributed Equity

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.

(u) Revenue Recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

- (i) Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.
- (ii) Research collaborations and grants shown in the Income Statement is the amount received for research performed in the ordinary course of business during the periods. When the grant relates to an expense item it is recognised in income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

(v) Income tax and other taxes

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

The expected refund under the Research and Development tax credit scheme has been accrued.

Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(w) Government Grants

Government grants are recognised in the balance sheet as a liability when the grant is received.

When the grant relates to an expense item, is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate. They are not credited directly to shareholders' equity.

When the grant relates to an asset, the fair value is credited to deferred income and released to the income statement over the expected useful life of the relevant asset by equal annual instalments.

(x) Earnings per Share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

In accordance with NZ IAS 33, calculation of diluted earnings per share does not assume conversion, exercise, or other issue of potential ordinary shares as this would decrease the loss per share from continuing operations.

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and short-term deposits, receivables, payables and unlisted equity securities.

At balance date the group has the following mix of financial assets and liabilities exposed to financial risks listed below.

2008 Group	Loans and receivables \$'000	Available for sale \$'000	Financial liabilities at amortised cost \$'000	Carrying amount \$'000	Fair value \$'000
Trade and other receivables	774	-	-	774	774
Cash and cash equivalents	859	-	-	859	859
Trade and other payables	-	-	(206)	(206)	(206)
	1,633	-	(206)	1,427	1,427
2008 Parent					
	Loans and receivables \$'000	Available for sale \$'000	Financial liabilities at amortised cost \$'000	Carrying amount \$'000	Fair value \$'000
Trade and other receivables	764	-	-	764	764
Cash and cash equivalents	859	-	-	859	859
Trade and other payables	-	-	(205)	(205)	(205)
	1,633	-	(205)	1,418	1,418
2007 Group					
	Loans and receivables \$'000	Available for sale \$'000	Financial liabilities at amortised cost \$'000	Carrying amount \$'000	Fair value \$'000
Trade and other receivables	2,526	-	-	2,526	2,526
Cash and cash equivalents	5,778	-	-	5,778	5,778
Investments	-	744	-	744	744
Trade and other payables	-	-	(560)	(560)	(560)
	8,304	744	(560)	8,488	8,488
2007 Parent					
	Loans and receivables \$'000	Available for sale \$'000	Financial liabilities at amortised cost \$'000	Carrying amount \$'000	Fair value \$'000
Trade and other receivables	386	-	-	386	386
Cash and cash equivalents	5,778	-	-	5,778	5,778
Trade and other payables	-	-	(513)	(513)	(513)
	6,164	-	(513)	5,651	5,651

The Group manages its exposure to key financial risks in accordance with the group's financial risk management policy. The objective of the policy is to support achievement of the group's financial targets whilst protecting future financial security.

The main risks arising from the Group's financial instruments are credit risk and liquidity risk.

The Group uses different methods to measure and manage the different types of risks to which it is exposed.

The Board reviews and agrees policies for managing its main financial risks as summarised below.

Risk Exposures and Responses

Interest Rate Risk

The Group's exposure to market interest rates only relates to investments in short term deposits. All deposits were held for 90 days or less.

At balance date, the group had the following mix of financial assets and liabilities exposed to New Zealand variable interest rate risk that are not designated in cash flow hedges:

Financial Assets	Group \$000		Parent \$000	
	2008	2007	2008	2007
Cash at bank and in hand	48	147	48	147
Short-term deposits	811	5,631	811	5,631
Total	859	5,778	859	5,778

The group's policy is to invest excess funds on short term deposit of 30 days to 90 days duration with a registered New Zealand trading bank.

The following sensitivity analysis is based on the interest rate risk exposures in existence at the balance sheet date.

At 31 December 2008, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post tax profit would have been affected as follows:

Judgement of reasonably possible movements	Profit after tax Higher/(Lower) Group / \$000		Profit after tax Higher/(Lower) Parent / \$000	
	2008	2007	2008	2007
+0.5% (50 basis points)	4	28	4	28
-1.0% (100 basis points)	(8)	(56)	(8)	(56)

During the year, interest on fixed deposits varied between 5.35% and 8.84% (2007, 7.00% and 8.75%). The sensitivity is lower in 2008 than in 2007 because of a reduction in term deposits.

The Board monitors short term deposit rates available and mitigates exposure to interest rate risk as far as possible.

Foreign Currency Risk

The Group has negligible exposure to cash held in foreign currency. In 2007, the Group had US\$1,000 on term deposit. The balance was reduced to almost zero in December 2008. As such, the foreign currency risk for deposits in USD is immaterial in terms of possible impact on profit and loss and a sensitivity analysis has not been reported.

The Group has transactional currency exposures. Such exposure arises from purchases of science consumables and services denominated in foreign currency.

It is the Group's policy to enter into forward contracts when a firm commitment is in place with extended terms. The Group has no creditors denominated in foreign currency at balance date. During 2008 and 2007 no forward contracts were entered into.

Credit Risk

Credit risk arises from financial assets of the Group, which comprise cash and cash equivalents, trade and other receivables.

The Group does not hold any credit derivatives to offset its credit exposure. The Group does not hold any collateral to securitise its receivables.

Other than Pure Power Global Limited (PPG), the Group has very little exposure to receivables as 94% of the receivables is due from IRD and the balance of 6% is current debt due from creditworthy third parties. Due to the significant concentration of debt due from PPG, the Board monitors PPG financial situation regularly. Regular communications and meetings are held with PPG executives and lawyers.

Due to the inherent uncertainty as to the ability of PPG to repay the outstanding settlement of \$2.1 million, a provision for doubtful debt has been charged to the Income Statement.

The credit worthiness of all customers is reviewed prior to any transactions being entered into.

At 31 December, the Group had the following exposure to credit risk.

	Group \$000		Parent \$000	
	2008	2007	2008	2007
Financial assets				
Receivables & prepayments	774	2,526	764	386
PPG Debt	2,107	-	94	-
Provision for doubtful debt	(2,107)	-	(94)	-

Concentrations of Credit Risk

100% (2007, 99%) of cash and cash equivalents is held with Westpac Banking Corporation Limited.

Liquidity Risk

The group's objective is to maintain sufficient funding to pay its creditors through capital raising, collaboration, government grants and royalties.

The group monitors forecasts of liquidity reserves on the basis of expected cash flow.

The contractual maturities of the Group's and parent entity's financial liabilities are within twelve months.

The Board monitors the liquidity of the group on a regular basis and every effort is made to minimise the Group's exposure to risk.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements

(a) Significant accounting judgements

The Group's accounting policy for taxation requires management's judgement as to the types of arrangements considered to be a tax on income in contrast to an operating cost. Judgement is also required in assessing whether deferred tax assets and deferred tax liabilities are recognised on the balance sheet. Deferred tax assets, including those arising from unrecouped tax losses, capital losses and temporary differences, are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits.

(b) Significant accounting estimates and assumptions

The Group has decided to classify the investment in unlisted securities as an "available for sale" investment. As part of the consideration for the sale of AgriGenesis' holding in BioJoule Ltd, the Group received 951,304 shares in Pure Power Global Limited (PPG). PPG is an early stage development company without established revenues. In the absence of detailed financial information or an active market for PPG securities, it is not possible to obtain a formal valuation for the investment in PPG. In December 2007, the shares were valued at US\$0.60 per share or a total of NZ\$744,175, based on market transactions up to that time. In December 2008 a provision for the full value of the shares was charged to the Income Statement due to inherent uncertainty as to the valuation.

(c) Provision for doubtful debts

Due to the inherent uncertainty as to the ability of PPG to repay the outstanding settlement of \$2.1 million, a provision for the full amount of the outstanding debt has been charged to the Income Statement.

(d) Cessation basis of accounting

The Group has assessed impairment of property, plant and equipment at reporting date by estimating the net realisable value of property, plant and equipment based on recent sales. An impairment loss of \$57,000 has been recognised in the current year.

As required by accounting standards for the cessation basis, a redundancy provision of \$124,000 has been charged to the Income Statement and prepayments of \$121,000 have been expensed.

No provision for the property lease commitment (see note 23) has been made in the financial statements because of inherent uncertainty as to the appropriate amount, if any, for such a provision. The directors believe that it is likely that the premises could be sublet or the lease could revert to the landlord with no significant penalty if Genesis did not wish to occupy the premises up to the end of the term of the lease.

5. SEGMENT INFORMATION

The Group's primary segment reporting format is determined to be business segments as the Group's risks and returns are affected predominantly by differences in the products and services produced.

The Group operates solely in the biotechnology industry but considers that the Health operations and Plant operations constitute separate business segments.

The Health programmes focus on developing products for human health, predominantly in the fields of immunology and cancer, together with animal health and physiology.

The Plant programmes carried out by AgriGenesis Biosciences Limited focused on the development of technology to improve energy crops; specifically targeting biomass development and yield.

Since the sale of BioJoule Limited in 2007, AgriGenesis Biosciences Limited is no longer undertaking active research but continues to hold residual royalty and profit sharing rights.

In 2008 the Group only operated in the Health business segment. Comparative information for 2007, when there were two business segments, is provided below.

Year ended 31 December 2007	Continuing Operations \$000 Health	Discontinued Operations \$000 Plant	\$000 Group
Income			
Research collaborations and grants	72	336	408
Other Income	704	186	890
Sale of Investment	-	4,575	4,575
Total Segment Income	776	5,097	5,873
Segment Result			
Net Profit/(Loss) before tax	(5,091)	4,327	(764)
Income tax expense	-	-	-
Net Profit/(Loss) for the year	(5,091)	4,327	(764)
Assets and Liabilities			
Segment assets	6,617	2,886	9,503
Segment liabilities	(752)	(47)	(799)
Other segment information			
Capital expenditure	67	-	67
Depreciation	404	15	419
Cash flow information			
Net cash flow from operating activities	(3,205)	-	(3,205)
Net cash flow from investing activities	15	-	15
Net cash flow from financing activities	-	-	-

There are no geographical segments for Genesis as it only operates in New Zealand.

6. INCOME

	Group \$000		Parent \$000	
	2008	2007	2008	2007
Grants and royalties	53	72	53	72
R&D Tax Credit	682	-	682	-
Services Provided	29	206	29	206
Interest received	388	498	283	498
Total Income	1,152	776	1,047	776

7. EXPENDITURE

	Group \$000		Parent \$000	
	2008	2007	2008	2007
Employee benefits	2,075	2,615	2,075	2,615
Other science costs	1,019	978	1,019	978
Facilities and services	420	467	420	467
Premises lease	535	590	535	590
Directors' Fees	210	204	210	204
Directors' costs	43	24	43	24
Corporate and other overheads	793	585	778	585
Loss on disposal of property, plant and equipment	333	-	333	-
Depreciation expense:				
- Scientific Equipment	66	173	65	173
- Leasehold Improvements	5	193	5	193
- Office Furniture, Equipment and Computers	35	38	35	38
Total depreciation	106	404	105	404
Special provisions and costs:				
- Provision for impairment of investment in PPG	744	-	-	-
- Provision for doubtful debt	2,107	-	94	-
- Provision for impairment of property, plant and equipment	57	-	57	-
- Other costs accrued due to cessation basis of accounting	245	-	245	-
Total special provisions and costs	3,153	-	396	-
Provision BioJoule impairment	-	-	-	-
Total expenditure	8,687	5,867	5,914	5,867

8. TAXATION

In 2007 the income tax rate for companies reduced from 33% to 30%, with effect from the start of the 2009 income year.

Income Tax Expense

Tax losses available to be carried forward and offset against future periods amount to \$50,310,411 (2007: \$47,452,434).

Unrecognised timing differences amount to \$5,175,060 (2007: \$3,377,086). Availability of tax losses is subject to the requirements of the Income Tax legislation being met.

	Group \$000		Parent \$000	
	2008	2007	2008	2007
Accounting (loss) before tax from continuing operations	(7,535)	(5,091)	(4,867)	(5,091)
Accounting profit before tax from discontinued operations	-	4,327	-	-
Total accounting profit / (loss) before income tax	(7,535)	(764)	(4,867)	(5,091)
Prima facie taxation at 30% (2007: 33%)	(2,261)	(252)	(1,460)	(1,680)
Add taxation effect of permanent differences				
Entertainment and other non deductible expenses	2	3	2	3
Impairment of investment in PPG	223	-	-	-
Impairment of property, plant and equipment	17	-	17	-
R&D tax credit claim	(205)	-	(205)	-
Aggregate income tax expense	(2,224)	(249)	(1,646)	(1,677)
Increase in accumulated tax losses (tax effect)	2,224	249	1,646	1,677
Income tax expense reported in the income statement	-	-	-	-

The Group has not recognised deferred tax assets and liabilities.

The Group will only recognise a deferred tax asset for the carry forward of unused tax losses to the extent it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

The group does not have imputation credits available to the shareholders of the parent company at balance date.

9. DISCONTINUED OPERATIONS

(a) Details of operations disposed

In December 2007 BioJoule Limited was sold to Pure Power Global Limited (PPG). The Group owned 65% of BioJoule Limited and the profit from sale of investment was \$4,575,000. Part of the the consideration was in PPG shares valued at \$744,000 and the balance is payable in cash. Part of the cash proceeds of \$1,956,000 was due to be paid by PPG in August 2008.

Following the sale of BioJoule Limited in 2007, AgriGenesis is no longer undertaking active research in plant biotechnology.

(b) Financial performance of operations disposed

	AgriGenesis \$000 2007	BioJoule \$000 2007	Total \$000 2007
Income	4,814	283	5,097
Expenses	(487)	(283)	(770)
Net Profit/(Loss) before taxation from discontinued operations	4,327	-	4,327
Taxation	-	-	-
Net Profit/(Loss) after taxation from discontinued operations	4,327	-	4,327

(c) Assets and liabilities of operations disposed

	2007 \$000
Total Assets	4,526
Total Liabilities	(47)
Net Assets	4,479

The net assets relate to the entire discontinued operation. The net assets to be disposed of in (d) relate solely to the investment in BioJoule.

(d) Cash flow from discontinued operations

The sale of BioJoule has been treated as cash flow from operational activities. This is reflected in the working capital movement between Genesis and AgriGenesis.

10. EARNINGS PER SHARE

(a) Earnings used in calculating earnings per share	2008 \$000	2007 \$000
Net Profit/(Loss) from continuing operations attributable to ordinary equity holders of the parent	(7,535)	(5,091)
Net Profit/(Loss) from discontinued operations	-	4,327
Net Profit/(Loss) attributable to ordinary equity holders of the parent	(7,535)	(764)

(b) Weighted average number of shares	2008 000	2007 000
Weighted average number of ordinary shares for basic earnings per share	26,127	26,127

Share options have been excluded from the calculation of diluted earnings per share that could potentially dilute basic earnings per share in the future, in accordance with NZ IAS 33 because this would decrease the loss per share.

There have been no transactions involving ordinary shares or potential ordinary shares that would significantly change the number of ordinary shares or potential ordinary shares outstanding between the reporting date and the date of completion of these financial statements.

(c) Information on the classification of securities

Options granted to employees (including key management personnel) as described in note 21 are considered to be potential ordinary shares and have not been included in the determination of diluted earnings per share as noted above.

11. CASH AND CASH EQUIVALENTS

	Group \$000		Parent \$000	
	2008	2007	2008	2007
Cash at bank and in hand	48	147	48	147
Short-term deposits	811	5,631	811	5,631
	859	5,778	859	5,778

12. RECEIVABLES AND PREPAYMENTS

		Group \$000		Parent \$000	
		2008	2007	2008	2007
Trade debtors	(i)	50	9	40	-
IRD – R&D tax credit		682	-	682	-
Sundry receivables		42	85	42	333
Prepayments		-	53	-	53
PPG settlement		2,107	2,379	94	-
Provision for doubtful debt	(ii)	(2,107)	-	(94)	-
Total receivables & prepayments		774	2,526	764	386

- (i) Trade debtors and sundry receivables do not contain impaired assets and are not past due date. It is expected that these balances will be received when due.
- (ii) Provision for doubtful debt: A provision for doubtful debt has been recognised because there is inherent uncertainty as to whether Pure Power Global Limited will repay the debt.

(a) Movements in provisions

	Group \$000		Parent \$000	
	2008	2007	2008	2007
At 1 January 2008	-	-	-	-
Arising during the year	2,107	-	94	-
At 31 December 2008	2,107	-	94	-

The doubtful debts provision will be reversed when the Pure Power Global debt is paid.

13. INVESTMENT

	Group \$000		Parent \$000	
	2008	2007	2008	2007
Shares - unlisted (available for sale)	744	744	-	-
Provision for impairment of investment	(744)	-	-	-
Net	-	744	-	-

Due to inherent uncertainty as to the value of the investment in Pure Power Global Limited, a provision for impairment loss has been recognised in the Income Statement.

14. RELATED PARTY DISCLOSURE

(a) Subsidiaries

The consolidated financial statements include the financial statements of Genesis Research and Development Corporation Limited (Genesis) and the subsidiaries listed in the following table.

	Equity Percentage Held		Country of Incorporation	Balance Date
	2008	2007		
AgriGenesis Biosciences Limited	100*	100	NZ	31 December
BioGenesis Limited **	100*	100*	NZ	31 December
BioStore NZ Limited	100*	100*	NZ	31 December
Genesis Employee Fund Limited	100*	100*	NZ	31 December

* Non-trading

** Formerly BioJoule Technology Limited

(b) Key management personnel

Details relating to key management personnel, including remuneration paid, are included in note 20.

(c) Related party transactions

The following transactions were carried out with related parties:

	\$000	\$000
Parent: Subsidiaries (outstanding balance)	2008	2007
Intercompany Payable to AgriGenesis	1,802	1,640

(d) Terms and conditions of transactions with related parties

Outstanding intercompany balances at year-end are unsecured and interest free.

15. PROPERTY, PLANT AND EQUIPMENT

	Group - 2008 / \$000			Group - 2007 / \$000 (includes discontinued operations)			Total 2008	Total 2007
	Scientific Equipment	Leasehold Improvements	Furniture & Computers	Scientific Equipment	Leasehold Improvements	Furniture & Computers		
Year ended 31 December								
At 1 January, net of accumulated depreciation	78	338	39	327	583	38	455	948
Additions	129	-	24	21	3	43	153	67
Disposals	(3)	(332)	-	(24)	(55)	(3)	(335)	(82)
Depreciation recovered for disposals	-	-	-	(59)	-	-	-	(59)
Impairment	(20)	(1)	(36)	-	-	-	(57)	-
Depreciation charged for the year	(66)	(5)	(35)	(187)	(193)	(39)	(106)	(419)
At 31 December, net of accumulated depreciation	118	-	(8)	78	338	39	110	455
Cost or fair value	4,565	1,244	912	7,811	4,384	3,215	6,721	15,410
Accumulated Depreciation	(4,447)	(1,244)	(920)	(7,733)	(4,046)	(3,176)	(6,611)	(14,955)
Net carrying amount	118	-	(8)	78	338	39	110	455

	Parent - 2008 / \$000			Parent - 2007 / \$000 (continuing operations)			Total 2007	Total 2006
	Scientific Equipment	Leasehold Improvements	Furniture & Computers	Scientific Equipment	Leasehold Improvements	Furniture & Computers		
Year ended 31 December								
At 1 January, net of accumulated depreciation	76	338	39	287	528	34	453	849
Additions	129	-	24	21	3	43	153	67
Disposals	(2)	(332)	-	-	-	-	(334)	-
Depreciation recovered for disposals	-	-	-	(59)	-	-	-	(59)
Impairment	(20)	(1)	(36)	-	-	-	(57)	-
Depreciation charged for the year	(65)	(5)	(35)	(173)	(193)	(38)	(105)	(404)
At 31 December, net of accumulated depreciation	118	-	(8)	76	338	39	110	453
Cost or fair value	3,822	1,244	912	4,557	4,384	3,195	5,978	12,136
Accumulated Depreciation	(3,704)	(1,244)	(920)	(4,481)	(4,046)	(3,156)	(5,868)	(11,683)
Net carrying amount	118	-	(8)	76	338	39	110	453

(i) Impairment of property, plant and equipment.

As the cessation basis of accounting requires the carrying value of the assets to be the amounts they are expected to realise, all assets have been reviewed by management to ascertain the net realisable value. As a result, an impairment loss of \$57,000 in total has been recognised. This has been shown in Note 7 as "provision for impairment of property, plant and equipment".

16. TRADE AND OTHER PAYABLES

	Group \$000		Parent \$000	
	2008	2007	2008	2007
Trade payables	41	97	41	98
Accruals	135	373	135	352
Non trade payables	30	90	29	63
	206	560	205	513

Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.

17. PROVISIONS

	Group \$000		Parent \$000	
	2008	2007	2008	2007
Annual leave	195	186	195	186
Directors' fees	48	53	48	53
Redundancy	124	-	124	-
	367	239	367	239

Movements in provisions

	Group \$000		Parent \$000	
	2008	2007	2008	2007
	Redundancy	Redundancy	Redundancy	Redundancy
At 1 January 2008	-	-	-	-
Arising during the year	124	-	124	-
At 31 December 2008	124	-	124	-

The redundancy provision has been made to comply with the cessation basis of accounting, but will only be paid out should the group cease trading.

18. CONTRIBUTED EQUITY

	Group		Parent	
	2008/\$000	2007/\$000	2008/\$000	2007/\$000
Ordinary shares issued and fully paid	76,506	76,506	76,506	76,506

The shares do not have a par value. All ordinary shares have equal voting rights and share equally in dividends and surplus on liquidation.

There were no options converted to ordinary shares during the year (2007, nil).

Capital Management

When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders.

Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

19. RECONCILIATION OF NET PROFIT / (LOSS) AFTER TAX TO NET CASH FLOWS FROM OPERATIONS

	Group \$000		Parent \$000	
	2008	2007	2008	2007
Net Profit / (Loss) after taxation	(7,535)	(764)	(4,867)	(5,091)
Add back non-cash items:				
Depreciation	106	419	105	404
Property, plant and equipment usage	-	-	-	(111)
<i>Provision-Impairment of receivable from PPG</i>	2,107	-	94	-
<i>Provision-Impairment of property, plant and equipment</i>	57	-	57	-
<i>Provision-Impairment of Investment</i>	744	(744)	-	-
Net (profit) / loss on sale of property, plant and equipment	313	18	323	(10)
Sale of asset not received	(8)	(57)	-	-
Receipts classified as investing cash flow	-	-	(199)	-
Foreign currency translation loss	-	25	-	25
Share based payment expense	2	-	2	-
Net Profit / (Loss) after taxation	3,321	(339)	382	308
Movements in working capital:				
(Increase) / Decrease in receivables and prepayments	(355)	(2,080)	(472)	(53)
(Decrease) / Increase in accounts payable	(56)	(38)	(57)	(31)
(Decrease) / Increase in non trade payables	(60)	33	(34)	20
(Decrease) / Increase in accruals	(238)	(15)	(217)	(10)
(Decrease) / Increase in employee entitlements	128	(2)	128	12
(Decrease) / Increase Intercompany funding	-	-	162	1,640
	(581)	(2,102)	(490)	1,578
Net cash inflow from (used in) operating activities	(4,795)	(3,205)	(4,975)	(3,205)

20. KEY MANAGEMENT PERSONNEL

Compensation for Key Management Personnel

	Group \$000		Parent \$000	
	2008	2007	2008	2007
Short-term employee benefits	921	1,061	921	1,061
Share-based payment	-	24	-	24
Total compensation	921	1,085	921	1,085

21. SHARE BASED PAYMENTS

The expense recognised for employee services received during the year is shown in the table below:

	Group \$000		Parent \$000	
	2008	2007	2008	2007
Opening ESOP Reserve	208	315	208	315
Recognised as expenses in income statement	1	(107)	1	(107)
Closing ESOP Reserve	209	208	209	208

Types of share-based payment plans

Genesis Employee Fund Limited is the trustee that holds the unallocated share options in Genesis Research & Development Corporation Ltd. When the company decides to grant share options to an eligible employee the trustee then allocates some of the unallocated share options to that employee.

Share options are granted to all staff when they commence employment. When options are granted to employees, the exercise price is set at the weighted average closing sale price of Genesis shares on the NZSX for the three months immediately preceding the date of granting. The company does not require payment for the options. Payment of the exercise price is required if options are exercised by the employee and shares are issued.

The options are vested in three tranches: 40% vests after 2 years of service, another 20% vests after 3 years of continual service and the remaining 40% vests after 4 years of employment. When a participant resigns from employment, the vested share options can be exercised within three months after resignation. Any unvested or unexercised options are taken back by the trustee and held as options available for issue to new employees.

In February 2008, the directors approved the issue of employee bonus share options with a vesting date of February 2009 so as to align the participants' interests with those of shareholders.

Summary of options granted under ESOP arrangements

The following table illustrates the number, weighted average exercise price (WAEP), and movements in, share options outstanding during the year:

	Group	Group	Group	Group
	2008	WAEP 2008 \$	2007	WAEP 2007 \$
Outstanding at beginning of the year	1,206,483	1.52	1,327,098	1.62
Granted during the year	500,000	0.23	62,000	0.30
Forfeited during the year	(114,000)	1.46	(182,615)	4.48
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Closing balance	1,592,483	1.12	1,206,483	1.52

The outstanding balance as at 31 December 2008 is represented by:

	Exercise Price	Weighted Average Exercise Price	Number not Exercised	Number Vested 2008	Number Vested 2007
Allocated 2009 pool	\$0.74 - 6.74	\$3.16	492,485	492,485	538,483
Allocated 2011 pool	\$0.23 - 0.52	\$0.32	1,100,000	564,800	515,000
Total Allocated			1,592,485	1,057,285	1,053,483
Unallocated 2009 pool			657,515		
Unallocated 2011 pool			400,000		
Total Unallocated			1,057,515		
Total Options			2,650,000		

As at 31 December 2008, 1,592,483 options (2007, 1,206,483) were outstanding of which 1,057,285 (2007, 1,053,483) have vested in the name of the individual employees. The remaining outstanding options have an expiry period of between one and three years.

All options have no voting rights. Staff options cannot be transferred and entitlement is dependent on continued employment. Of the 1,150,000 options issued in 2000 to Genesis Employee Fund Limited, (trustee of the Genesis Employee Share Option Plan), 657,515 remain for future granting to entitled employees. A further 1,500,000 options, as approved at the annual meeting in March 2002, were issued to the trustee, of which 400,000 remain for future granting to entitled employees.

The Board of Directors has the power to appoint or remove trustees of the Employee Share Option Plan. As at xx February 2009, there were xx option holders (2007, 33).

Option pricing model:

The fair value of the equity-settled share options granted under the ESOP is estimated as at the date of grant using the Black-Scholes Model taking into account the terms and conditions upon which the options were granted.

The following table lists the inputs to the model used for the years ended 31 December 2008 and 31 December 2007 and the calculated option value.

	2008			2007		
	ESO	ESO2	Average	ESO	ESO2	Average
Share Price at Grant Date (\$)	1.51	0.27	0.37	1.51	0.29	0.29
Maximum life of Options (years)	3.75	4.45	4.40	3.75	4.34	4.34
Volatility (%)	44.4%	62.8%	61.3%	44%	72.3%	72.3%
Risk Free Rate (%)	7.0%	7.2%	7.2%	7.0%	7.1%	7.1%
Vesting Period (years)	1.20	1.61	1.58	1.20	2.37	2.37
Exercise Multiple	3.00	5.66	5.45	3.00	5.50	5.50
Option Value (\$)	0.50	0.15	0.17	0.50	0.16	0.16

Notes:

Share Price at Grant Date (\$)	Weighted average closing share price over the last three months prior to grant date.
Maximum life of Options (years)	The expected life is the average time the option remains unexercised.
Volatility (%)	The long run volatility forecast. This is estimated from the last twelve months' volatility of the closing share price.
Risk Free Rate (%)	The Reserve Bank of NZ wholesale interest rate with a maturity equal to the expected life of the option.
Vesting Period (years)	The period in years during which the options cannot be exercised. It is calculated from the grant date.
Exercise Multiple	This defines the conditions under which employees are expected to exercise their options. It is defined as a multiple of the exercise price when on average employees tend to exercise if the stock price reaches that exercise price.

ESO – options pool that expires in 2009

ESO2 – options pool that expires in 2011

22. AUDITORS' REMUNERATION

The auditor for Genesis Group is Ernst & Young. The amount received or due and receivable by Ernst & Young for services is:

	Group \$000		Parent \$000	
	2008	2007	2008	2007
Audit of financial statements	50	58	50	58
Other Services and disbursements	2	2	2	2
	52	60	52	60

23. COMMITMENTS

Operating Lease commitments

The Group has a commercial property lease for its premises.

Lease commitments under non-cancellable operating leases:

	Group & Parent 2008 \$000	Group & Parent 2007 \$000
Not later than one year	338	600
Later than one year and not later than two years	338	600
Later than two year and not later than five years	1,014	700
Later than five years	253	-
Total	1,943	1,900

Capital commitments

\$Nil (2007 \$Nil).

Contingent Liabilities

\$Nil. (2007 \$Nil)

24. EVENTS AFTER THE BALANCE SHEET DATE

The Group agreed to surrender rights to royalties on the sale of certain software for an interest equal to approximately 10% of the current outstanding equity of Real Time Genomics, Inc., a new USA based entity. The interest in Real Time Genomics, Inc. (which is held via a New Zealand based holding company, Gene Value Ltd) has a current valuation of approximately NZ\$1.4 million based on the initial financing round. This amounts to NZ5.2 cents per share.

25. GOVERNMENT GRANTS

Movement in government grants accrual

	Group \$000		Parent \$000	
	2008	2007	2008	2007
At 1 January	-	(83)	-	-
Received during the year	-	401	-	-
Released to the income statement	-	(318)	-	-
At 31 December	-	-	-	-

There are no government grants for 2008.

STATUTORY INFORMATION

Quoted Equity Security Holder Information

Distribution of Ordinary Shareholders as at 20 February 2009

Size of Shareholding	No. of Holders	Total Shares Held	%
1-999	428	184,643	0.71
1,000-4,999	1,009	1,864,640	7.14
5,000-9,999	201	1,248,299	4.78
10,000-99,999	321	7,876,384	30.15
100,000 and over	36	14,952,836	57.22
Total	1,995	26,126,802	100.00

As at 20 February 2009, there were 986 holders with less than a marketable parcel of securities.

Domicile of Ordinary Shareholders as at 20 February 2009

Country/Region	No. of holders	Total shares held	%
New Zealand	1,799	21,817,988	83.50
Australia	138	3,779,586	14.47
Canada	3	2,200	0.01
China	1	1,000	0.00
Czech Republic	1	500	0.00
France	1	1,000	0.00
Germany	1	27,500	0.11
Hong Kong	2	2,125	0.01
Indonesia	1	319	0.00
Ireland	2	24,000	0.09
Japan	3	37,550	0.14
Malaysia	1	3,000	0.01
Netherlands	1	10,000	0.04
Poland	1	500	0.00
Singapore	2	109,200	0.42
Spain	1	100	0.00
Switzerland	1	10,000	0.04
Taiwan	1	2,000	0.01
Timor-Leste	1	1,500	0.01
Turkey	1	500	0.00
U.S.A.	19	267,860	1.03
United Kingdom	14	28,374	0.11
Total	1,995	26,126,802	100.00

Top Twenty Ordinary Shareholders as at 20 February 2009

Name	Total shares held	%
ACCIDENT COMPENSATION CORPORATION – NZCSD	4,370,000	16.73
PIAT CORP PTY LTD	1,091,567	4.18
SIERRA ASSET LIMITED	890,000	3.41
LEVERAGED EQUITIES FINANCE LIMITED	883,250	3.38
THE OLD BREWERY COMPANY PTY LTD	586,500	2.24
J D WATSON & G J STEVENS	507,088	1.94
M H WATSON & L B RICHARDS	507,088	1.94
J N MCLEAN	480,000	1.84
PILLAGE INVESTMENTS PTY LIMITED	450,000	1.72
ROTORUATRUST PERPETUAL CAPITAL FUND LIMITED	400,000	1.53
C DONOUGHIER & J E DONOUGHIER	330,000	1.26

J D HONEYWELL	300,000	1.15
OHAU PROPERTIES LIMITED	300,000	1.15
CITIBANK NOMINEES (NEW ZEALAND) LIMITED - NZCSD	253,200	0.97
ENGN LTD	250,000	0.96
J VON ROY & J VON ROY	250,000	0.96
B C MCGIRR	245,915	0.94
A R MILLWARD & A J NICHOLSON	240,224	0.92
N M BIRCHALL & J SMITH	200,000	0.77
DAT INVESTMENTS PTY LTD	170,000	0.65
	12,704,832	48.64

Disclosure of Substantial Security Holdings

The following Substantial Security Holders have, as at 20 February 2009, disclosed holdings of relevant interests in the voting securities of the Company:

Substantial Security Holders	Number of Shares	Number of Options
Accident Compensation Corporation	4,370,000	
J H von Roy	-	1,571,557*
J N McLean	480,000	1,443,517*
N S Bagnall	4,427,435	

* Options held as Directors of Genesis Employee Fund Limited, trustee of the Employee Share Option Plan.

The total number of issued voting securities of the Company at 20 February 2009 was 26,126,802.

Principal Activities

The company's principal activity in the year was commercialising scientific research.

Directors Holding Office during the Year

Andrew Jonathan Hubert Gearing
Steven Gillis
James Neil McLean
Joachim Herbert von Roy
Stewart James Washer

Equity Securities Held by Directors and Associated Persons of each Director as at 20 February 2009:

Director	Year	Beneficial		Non Beneficial	Associated Parties
S Gillis	2008	25,000	2009 \$6.60 Options	-	-
		100,000	Shares	-	-
	2007	25,000	2009 \$6.60 Options	-	-
		100,000	Shares	-	-
J N McLean	2008	480,000	Shares	1,057,515 Options*	53,000 Shares
	2007	480,000	Shares	1,443,517 Options*	53,000 Shares
J H von Roy	2008	250,000	Shares	1,057,515 Options*	-
	2007	250,000	Shares	1,443,517 Options*	-
S J Washer	2008	-		-	-
	2007	-		-	-
A J H Gearing	2008	-		-	-
	2007	-		-	-

*1,057,515 options (2007, 1,443,517) held as Directors of Genesis employee Fund Limited, trustee of the Employee Share Option Plan.

Entries in the Interests Register

A J H Gearing is the CEO of, and a shareholder in, Biocommsquare Pty Ltd, an international life sciences business development company based in Melbourne, Australia that provides business development services to Genesis. He is a director of CNSBio Pty Limited and BioMelbourne Network.

S Gillis is a managing director of ARCH Venture Partners, Chairman of VLST Corporation Inc., Qwell Pharmaceuticals, VentiRx Pharmaceuticals; Spaltudaq Corporation and PhaseRx, a director of Trubion Pharmaceuticals Inc., Allozyne;, Variation Biotechnologies Inc., Limerick BioPharma;, Magen BioSciences, Accelerator Corporation and Surface Logix Inc. and a shareholder of Amgen, Inc.

J N McLean is Chairman of The New Zealand Institute of Plant & Food Research Ltd, deputy chair of the Foundation for Research, Science and Technology and R J Hill Laboratories Limited, a member of the governing board of the Allan Wilson Centre for Molecular Ecology and Evolution, an adviser to BioDiscovery Ltd and a Director of Khipu Systems Limited.

S J Washer is a venture partner of Inventages Venture Capital Investments, Chairman of Hatchtech Pty Ltd, a director of Xceed Capital Ltd, White Biotechnology Pty Limited and Healthlinx Ltd, a member of the Senate at Murdoch University and is on the Australian Federal Government Advisory Panel for Industrial Biotechnology.

J H von Roy is Chairman of Phytomedics Inc, Phylogica Limited, White Biotechnology Pty Limited, a director of Biomatters Ltd, Corra Life Sciences Inc, Encoate Holdings Limited, Wool Equities Limited, Orico Limited and Roberts & von Roy Associates Limited, a partner of Inventages Venture Capital Investments, a member of BioPacificVentures Investment Committee, an advisor to the Foundation for Research, Science and Technology, advisor to Cure Kids Ltd, shareholder in a number of the companies noted above and in Proacta Inc, CoDa Limited, Source Precision Medicine Inc, PhotoNZ Corporation Limited and Cytran Ltd.

Remuneration of Directors

	Group & Parent \$000 2008	Group & Parent \$000 2007
A J H Gearing	35	35
S Gillis	35	35
J N McLean	35	35
J H von Roy	70	70
S J Washer	35	35

Directors' Insurance

The company has arranged policies of Directors' Liability Insurance that, together with a Deed of Indemnity provide that generally Directors will incur no monetary loss as a result of actions undertaken by them as Directors. The insurance does not cover liabilities arising from criminal activities or deliberate or reckless acts or omissions.

Use of Company Information

During the year the Board received no notices from Directors of the company requesting to use company information received in their capacity as Directors, which would not otherwise have been available to them.

Subsidiary Company

J N McLean is a Director of BioStore NZ Limited.

J N McLean and J H von Roy are Directors of Genesis Employee Fund Limited.

S Gillis and J N McLean are Directors of BioGenesis Limited.

S Gillis, J N McLean, J H von Roy and S J Washer are Directors of AgriGenesis Biosciences Limited.

Company Secretary

Although under New Zealand law a company secretary is not required, Stephen Hall assumes these responsibilities.

Remuneration of Group Employees

Remuneration Range	Number of Employees
\$100,001 – 110,000	2
\$130,000 – 140,000	1
\$190,001 – 200,000	1
\$380,001 – 390,000	1

Waivers and Exercise of Stock Exchange Powers

New Zealand Stock Exchange (NZX) Waivers

As an NZSX & ASX dual listed Issuer, the company has been granted a waiver from compliance with rules 11.1.1 and 11.1.4 to allow for restricted securities during an escrow period under ASX Rules.

Australian Stock Exchange (ASX) Waivers

The company has been granted a waiver from a number of ASX Rules to allow for conflicts with New Zealand legislation and NZX Rules.

This waiver allows the company to provide certain information and issue securities in accordance with New Zealand legislation and NZX Rules.

Australian Stock Exchange Disclosures

The company is incorporated in New Zealand under the Companies Act 1993.

The company is not subject to Chapters 6, 6A, 6B and 6C of the Corporations Act - Australia, dealing with the acquisition of shares (such as substantial holdings and takeovers). Limitations on the acquisition of shares are imposed by the following New Zealand legislation: Companies Act 1993, Securities Act 1978, Securities Amendment Act 1988, Takeovers Act 1993, Overseas Investment Act 1973, Commerce Act and various regulations promulgated under such Acts.

CORPORATIONS ACT – AUSTRALIA DECLARATION

This declaration is made in accordance with a resolution of the Directors of Genesis Research and Development Corporation Limited (“Genesis”) dated 20 February 2009

- (a) the financial statements of Genesis and its subsidiaries (“Group”) for the year ended 31 December 2008 and the notes to those financial statements comply with the accounting standards issued by the New Zealand Institute of Chartered Accountants; and
- (b) the Group financial statements and notes give a true and fair view of the financial position and performance of the Group; and
- (c) in the Directors' opinion, there are reasonable grounds to believe that Genesis will be able to pay its debts as and when they become due and payable.



J H von Roy
Director
20 February 2009