



Registered no: NI 41550

Almac Sciences Limited
Abbreviated financial statements
for the year ended 30 September 2004



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	Pages
Directors and advisers	1
Directors' report	2 - 3
Independent auditors' report	4
Abbreviated profit and loss account	5
Abbreviated balance sheet	6
Notes to the abbreviated financial statements	7 – 14

Directors and advisers

Executive directors

Dr A J McClay (Chairman)
AD Armstrong
S Barr
S Campbell
JW Irvine
R A Milliken

Secretary

H Stevenson

Registered office

Almac House
20 Seagoe Industrial Estate
Craigavon
BT63 5QD

Solicitors

L'Estrange and Brett
Arnott House
12-16 Bridge Street
Belfast
BT1 1LS

Bankers

Bank of Ireland
43 High Street
Portadown
BT62 1HY

Registered auditors

PricewaterhouseCoopers LLP
Waterfront Plaza
8 Laganbank Road
Belfast
BT1 3LR

Directors' report for the year ended 30 September 2004

The directors present their report and the audited financial statements for the year ended 30 September 2004.

Principal activities

The principal activity of the company is the provision of custom chemical synthesis services.

Review of business and future developments

During the year the company underwent significant restructuring of its operations and service capabilities which impacted on the level of business for the year. The directors are confident that in the long term this restructuring will assist the future operations of the company.

The company continues to incur trading losses as it develops the market for its services. Against the background of the company's trading and funding position the directors have considered the appropriateness of the going concern basis of accounting. The directors consider the going concern basis of accounting to be appropriate on the basis of an undertaking given by the company's shareholder that he will make available funding as required to meet the company's cash requirements for the foreseeable future.

Results and dividends

The loss for the financial year is £4,324,076 (2003: £2,436,571). The directors do not recommend payment of a dividend.

Directors and their interests

The directors who served during the year are shown on page 1. The interests of the directors who held office at the end of the financial year in the shares of the company were as follows:

	Ordinary shares of £1 each	
	2004	2003
	Number	Number
Dr A J McClay	46,999,999	18,999,999
A D Armstrong (nominee)	1	1

Political and charitable donations

No donations for political or charitable purposes were made during the year.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs and of the profit or loss of the company for that year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

Statement of directors' responsibilities (continued)

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies (Northern Ireland) Order 1986. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.


Share capital

Details of shares issued in the year are given in Note 17 to the financial statements.

Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the board



H Stevenson
Secretary
Craigavon

24 January 2005

Independent auditors' report to the directors of Almac Sciences Limited under Article 255B of the Companies (Northern Ireland) Order 1986

We have examined the abbreviated financial statements on pages 5 to 14 together with the annual financial statements of Almac Sciences Limited for the year ended 30 September 2004.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated financial statements in accordance with Article 254A of the Companies (Northern Ireland) Order 1986. It is our responsibility to form an independent opinion as to the company's entitlement to deliver abbreviated financial statements prepared in accordance with Article 254A(3) of the Companies (Northern Ireland) Order 1986 and whether the abbreviated financial statements are properly prepared in accordance with that provision and to report our opinion to you. This report, including the opinion, has been prepared for and only for the company's directors for the purpose of Article 255B of the Companies (Northern Ireland) Order 1986 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Basis of opinion

We have carried out the procedures we considered necessary to confirm, by reference to the annual financial statements, that the company is entitled to deliver abbreviated financial statements and that the abbreviated financial statements are properly prepared from those financial statements. The scope of our work for the purpose of this report does not include examining or dealing with events after the date of our report on the annual financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated financial statements prepared in accordance with Article 254A(3) of the Companies (Northern Ireland) Order 1986 and the abbreviated financial statements to be delivered are properly prepared in accordance with that provision.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Belfast
28 February 2005

Abbreviated profit and loss account for the year ended 30 September 2004

	Notes	Year ended 30 September 2004 £	Nine months ended 30 September 2003 £
Gross (loss) / profit		(398,314)	72,580
Net operating expenses (before depreciation)		2,327,747	1,308,406
Depreciation		1,526,469	602,651
Net operating expenses	3	3,854,216	1,911,057
Operating loss before depreciation ("EBITDA")		(2,726,061)	(1,235,826)
Depreciation		(1,526,469)	(602,651)
Operating loss	5	(4,252,530)	(1,838,477)
Amounts written off investments	6	(14,003)	(561,881)
Interest receivable		62,170	22,266
Interest payable and similar charges	7	(119,713)	(10,455)
Loss on ordinary activities before taxation		(4,324,076)	(2,388,547)
Taxation	8	-	(48,024)
Loss for the year	18	(4,324,076)	(2,436,571)

All amounts above relate to continuing operations of the company.

The company has no recognised gains and losses other than those included in the results above, and therefore no separate statement of total recognised gains and losses has been presented.

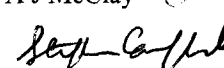
There is no difference between the loss on ordinary activities before taxation and the loss for the year stated above, and their historical cost equivalents.

Abbreviated balance sheet at 30 September 2004

	Notes	2004 £	2003 £
Fixed assets			
Tangible assets	9	46,209,794	41,905,699
Investments	10	80,433	40,153
		46,290,227	41,945,852
Current assets			
Debtors	11	4,703,616	2,561,030
Cash at bank		5,210,976	774,461
		9,914,592	3,335,491
Creditors: amounts falling due within one year	12	(3,413,685)	(2,354,580)
Net current assets		6,500,907	980,911
Total assets less current liabilities		52,791,134	42,926,763
Creditors: amounts falling due after more than one year	13	(7,104,379)	(24,168,351)
Deferred income - government grants	16	(6,359,263)	(3,474,769)
Net assets		39,327,492	15,283,643
Capital and reserves			
Called up share capital	17	47,769,445	19,401,520
Profit and loss account	18	(8,441,953)	(4,117,877)
Equity shareholders' funds	19	39,327,492	15,283,643

The financial statements on pages 5 to 14 were approved by the board on 24 January 2005 and were signed on its behalf by:


A J McClay


S Campbell

Directors

Notes to the financial statements for the year ended 30 September 2004

1 Accounting policies

These financial statements are prepared on the going concern basis under the historical cost convention. The significant accounting policies adopted are set out below.

Consolidation

The financial statements contain information about Almac Sciences Limited as an individual company and do not contain consolidated financial information as the parent of a group as the company's only subsidiary is dormant.

Turnover

Turnover is the amount derived from the provision of services after deduction of value added tax. Revenue is recognised on completion of performance of service.

Tangible fixed assets

The cost of tangible fixed assets is their purchase cost together with any incidental expenses of acquisition.

No depreciation is charged on land. For all other tangible assets depreciation is calculated so as to write off the cost less their estimated residual values, on a straight-line basis over the expected useful economic lives of the assets concerned. The rates used are as follows:

		%
Buildings	-	2
Plant and machinery	-	10
Fixtures and fittings	-	10
Computers	-	20
Motor vehicles	-	25

Leased assets

Rentals under operating leases are charged to revenue as incurred.

Research and development

Expenditure is charged against profits in the year in which it is incurred.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profit and its results as stated in the financial statements. Deferred tax assets and liabilities recognised are not discounted.

Foreign currencies

Assets, liabilities, revenues and costs denominated in foreign currencies are recorded at the rate of exchange ruling at the date of the transactions: monetary assets and liabilities at the balance sheet date are translated at the year end rate of exchange. All exchange differences thus arising are reported as part of the results for the year.

Pension costs

Retirement benefits are provided for employees by a defined contribution pension scheme whereby the assets of the scheme are held separately from those of the company in an independently administered scheme. Contributions are charged against profits as they become due.

1 Accounting policies (continued)

Revenue grants

Revenue grants relating to research and development expenditure are credited to the profit and loss account in the year in which the related expenditure is incurred.

Capital grants

Capital grants are treated as deferred income and then credited to revenue over the expected useful lives of the related assets.

Employee trust

The company's share of the assets of Almac Trustees Limited, which is an employee share incentive plan trust, have been incorporated within the company's balance sheet under the appropriate asset categories.

2 Analysis of turnover and results

Turnover and results are attributable to the company's principal activities carried out in the United Kingdom.

3 Net operating expenses

	Year ended 30 September 2004 £	Nine months ended 30 September 2003 £
Distribution costs	758,018	248,445
Administrative expenses	3,096,198	1,662,612
	3,854,216	1,911,057

4 Employee information and directors' emoluments

The average monthly number of persons (including executive directors) employed by the company during the year was:

	Year ended 30 September 2004 Number	Nine months ended 30 September 2003 Number
Production	120	100
Administrative	38	18
	158	118
	£	£
Staff costs (for the above persons)		
Wages and salaries	4,441,619	2,274,838
Social security costs	435,431	204,178
Other pension costs	154,677	120,325
	5,031,727	2,599,341

4 Employee information and directors' emoluments (continued)

	Year ended 30 September 2004 £	Nine months ended 30 September 2003 £
Directors' emoluments		
Aggregate emoluments	658,635	415,231
Company pension contributions to money purchase schemes	93,194	67,481

Four (2003: three) of the directors participate in money purchase schemes.

Emoluments payable to the highest paid director are as follows:

	Year ended 30 September 2004 £	Nine months ended 30 September 2003 £
Aggregate emoluments	216,476	166,294
Company pension contributions to money purchase schemes	15,300	32,475

5 Operating loss

	Year ended 30 September 2004 £	Nine months ended 30 September 2003 £
Operating loss is stated after charging/(crediting):		
Staff costs (Note 4)	5,031,727	2,599,341
Share compensation expense	42,894	70,235
Depreciation	1,526,469	602,651
Deferred capital grants release	(543,534)	(77,137)
Revenue grants	(1,000)	-
Operating lease rentals	47,941	35,734
Auditors' remuneration – audit services	6,000	5,750

6 Amounts written off investments

This relates to shares of the company issued and issuable to the company's incentive plan trust.

7 Interest payable and similar charges

	Year ended 30 September 2004 £	Nine months ended 30 September 2003 £
On bank loans and overdraft	36,036	10,455
On loans from related parties	54,312	-
On other loans	29,365	-
	119,713	10,455

8 Taxation

	Year ended 30 September 2004 £	Nine months ended 30 September 2003 £
Current tax:		
UK corporation tax at 30%	-	-
Total current tax	-	-
Deferred tax:		
Accelerated capital allowances and other timing differences	-	(191,078)
Adjustment in respect of previous years	-	143,054
Total deferred tax	-	(48,024)
Tax on loss on ordinary activities	-	(48,024)

The current tax assessed for the year differs from that derived from the standard rate of corporation tax in the UK of 30%. The differences are explained below:

	Year ended 30 September 2004 £	Nine months ended 30 September 2003 £
Loss on ordinary activities before tax	(4,324,076)	(2,388,547)
Loss on ordinary activities multiplied by standard rate in the UK of 30%	(1,297,223)	(716,564)
Effects of:		
Expenses not deductible for tax purposes	95,962	285,284
Income not taxable	(127,922)	-
Non-taxable transfer from deferred grants release	(163,060)	(23,141)
Research and development tax credits	-	(72,977)
Deferred tax asset not recognised	1,492,243	718,476
Accelerated capital allowances and other timing differences	-	(191,078)
Current tax charge for the year	-	-

9 Tangible fixed assets

	Freehold land and buildings £	Plant and machinery £	Fixtures and fittings £	Computers £	Motor vehicles £	Total £
Cost						
At 1 October 2003	36,080,638	6,120,531	1,498,867	629,035	17,750	44,346,821
Additions	4,308,539	1,296,318	145,532	80,175	-	5,830,564
At 30 September 2004	40,389,177	7,416,849	1,644,399	709,210	17,750	50,177,385
Depreciation						
At 1 October 2003	715,261	883,195	592,764	242,137	7,765	2,441,122
Charge for year	654,654	617,673	153,785	95,920	4,437	1,526,469
At 30 September 2004	1,369,915	1,500,868	746,549	338,057	12,202	3,967,591
Net book value						
At 30 September 2004	39,019,262	5,915,981	897,850	371,153	5,548	46,209,794
At 30 September 2003	35,365,377	5,237,336	906,103	386,898	9,985	41,905,699

10 Investments

	Interest in own shares £	Interest in group undertaking £	Total £
Cost			
At 1 October 2003	401,520	1	401,521
Additions	367,925	-	367,925
At 30 September 2004	769,445	1	769,446
Amounts written off			
At 1 October 2003	361,368	-	361,368
Written off in year	327,645	-	327,645
At 30 September 2004	689,013	-	689,013
Net book value			
At 30 September 2004	80,432	1	80,433
At 30 September 2003	40,152	1	40,153

The company has one dormant subsidiary, Syngal Limited, which is incorporated in Northern Ireland and in which the company holds 100% of the ordinary share capital. At 30 September 2004 the aggregate capital and reserves of Syngal Limited were £2.

"Interests in own shares" represent 769,445 ordinary shares held in the company by Almac Sciences Limited 2003 Share Incentive Plan. The trustee is Almac Trustees Limited. It is a discretionary trust for the benefit of employees of the company, including directors, and may be used to meet obligations under the company's employee share schemes. Other income and costs of the Trust are incorporated into the financial statements where applicable. Cash held by the trust totalled £80,432 at the year end (2003: £40,152).

11 Debtors

	2004	2003
	£	£
Trade debtors	3,159,910	1,514,023
Other debtors	1,525,420	1,011,116
Prepayments and accrued income	18,286	35,891
	4,703,616	2,561,030

12 Creditors: amounts falling due within one year

	2004	2003
	£	£
Trade creditors	1,583,386	581,867
Other tax and social security	143,267	104,586
Other creditors	474,662	893,306
Accruals and deferred income	1,212,370	774,821
	3,413,685	2,354,580

13 Creditors: amounts falling due after more than one year

	2004	2003
	£	£
Other loans (Note 14)	7,104,379	24,168,351

14 Other loans

	2004	2003
	£	£
Other loans are repayable as follows:		
Between one and two years	231,250	-
Between two and five years	1,387,500	-
After five years	5,485,629	24,168,351
	7,104,379	24,168,351

£3.7m of the above loans are repayable by 32 quarterly installments commencing June 2006. Interest is charged at 5.68% per annum.

The remaining loan is interest free and repayable to Dr Allen McClay after more than one year.

15 Deferred taxation

	£
At 1 October 2003	-
Profit and loss account	-
At 30 September 2004	-

	2004 £	2003 £
Deferred taxation asset not recognised comprises:		
Accelerated capital allowances and other timing differences	752,811	357,640
Losses	1,917,817	741,636
	2,670,628	1,099,276

No deferred tax asset has been recognised in relation to the above as in the opinion of the directors it may not be recoverable in the foreseeable future.

16 Deferred income - government grants

	£
At 1 October 2003	3,474,769
Received during the year	3,428,028
Released to profit and loss account	(543,534)
At 30 September 2004	6,359,263

17 Called up share capital

	2004 £	2003 £
Authorised		
50,000,000 ordinary shares of £1 each	50,000,000	50,000,000
Allotted, called up and fully paid		
47,769,445 (2003:19,401,520) ordinary shares of £1 each	47,769,445	19,401,520

367,925 ordinary shares, nominal value £1 each, were issued at par to the company's share incentive plan trust during the year.

28,000,000 ordinary shares, nominal value £1 each, were issued at par to Dr McClay.

18 Profit and loss account

	£
At 1 October 2003	(4,117,877)
Loss for the year	(4,324,076)
At 30 September 2004	(8,441,953)

19 Reconciliation of movements in shareholders' funds

	Year ended 30 September 2004 £	Nine months ended 30 September 2003 £
Issue of ordinary shares	28,367,925	401,520
Loss for the year	(4,324,076)	(2,436,571)
Opening shareholders' funds	15,283,643	17,318,694
Closing shareholders' funds	39,327,492	15,283,643

20 Capital commitments

	2004 £	2003 £
Capital expenditure that has been contracted for but has not been provided for in the financial statements	1,000,000	2,700,000

21 Financial commitments

At 30 September 2004 the company had annual commitments under non-cancellable operating leases expiring as follows:

	30 September 2004 Vehicles £	30 September 2003 Vehicles £
Within one year	10,358	40,150
Within two to five years	41,049	22,372
	51,407	62,522

22 Contingent liabilities

There exists a contingent liability to repay certain capital and revenue grants received from Invest Northern Ireland (formerly the Industrial Development Board) if future employment levels fall below specified levels. The directors do not anticipate any repayment falling due under the terms on which the grants were received.

23 Ultimate controlling party

The ultimate controlling party is Dr A J McClay, who is a director, and the balance due to Dr McClay at 30 September 2004 is shown at note 14.