

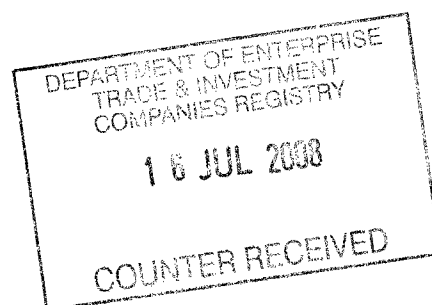


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Registered no: NI 41550

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Almac Sciences Limited
Annual report
for the year ended 30 September 2007



Almac Sciences Limited

Report and financial statements for the year ended 30 September 2007

	Pages
Directors and advisers	1
Directors' report	2 - 3
Statement of directors' responsibilities	4
Independent auditors' report	5
Income statement	6
Statement of changes in shareholders' equity	7
Balance sheet	8
Cash flow statement	9
Notes to the financial statements	10 - 23

Directors and advisers

Executive directors

Dr Sir Allen McClay OBE, CBE – Chairman
AD Armstrong
S Barr
JW Irvine
RA Milliken
C Hayburn (appointed 9 October 2007)

Non-executive directors

S Campbell

Secretary

C Hayburn

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

Northern Bank
45-48 High Street
Portadown
BT62 1LB

Registered auditors

PricewaterhouseCoopers LLP
Waterfront Plaza
8 Laganbank Road
Belfast
BT1 3LR

**Directors' report
for the year ended 30 September 2007**

The directors present their report and the audited financial statements for the year ended 30 September 2007.

Principal activities

Almac Sciences Limited is a private limited company incorporated in Northern Ireland. The registered address is detailed on page 1.

The company continued to be engaged in the provision of custom chemical synthesis services.

Review of business

The results for the year as set out on page 6 and show a pre-tax loss of £4,180,186 (2006: £4,535,891) for the year and sales of £13,329,682 (2006: £9,956,344). The business has progressed satisfactorily during the year and the directors are continually investigating techniques to ensure increased efficiency of operations.

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks including the competitive market conditions. Further discussion of these risks and uncertainties, in the context of the group as a whole, is provided in the annual report of Almac Group Limited.

Key performance indicators

The directors manage the company's operations on a divisional basis. For this reason, the company's directors believe that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business of the company. Commentary on the Group's performance is provided in the Directors' report in the annual report of Almac Group Limited.

Environment

The company recognises its corporate responsibility to carry out its operations whilst minimising environmental impacts. The directors' continued aim is to comply with all applicable environmental legislation, prevent pollution and reduce waste wherever possible.

Health and safety

The company is committed to achieving the highest practicable standards in health and safety management and strives to make all sites and offices safe environments for employees and customers alike.

Human resources

People are the company's most important resource. Retention of key staff is critical and the company has invested in employment training and development.

Financial risk management

The company operates within the competitive conditions of its market place. Regarding credit risk, it is standard company policy to perform appropriate credit checks on all potential customers before contracts are entered into.

Results and dividends

The loss for the financial year is £4,180,186 (2006: £4,535,891). The directors do not recommend payment of a dividend.

Directors

The directors who served during the year are shown on page 1.

Political and charitable donations

No donations for political or charitable purposes were made during the year (2006: £nil).

Research and development

The company is committed to research and development. The charge for the year is £609,188 (2006: £100,000).

Employees

The company's policy is to consult and discuss with employees those matters likely to affect employees' interests.

The company's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Arrangements are made, whenever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

Statement of disclosure of information to auditors

So far as each of the directors in office at the date of approval of these financial statements is aware:

- there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

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

By order of the Board



C Hayburn
Secretary
7 January 2008

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state that the financial statements comply with IFRSs as adopted by the European Union; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company 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.

By order of the Board



C Hayburn

Secretary

7 January 2008

Independent auditors' report to the members of Almac Sciences Limited

We have audited the financial statements of Almac Sciences Limited for the year ended 30 September 2007, which comprise the income statement, the statement of changes in shareholders' equity, the balance sheet, the cash flow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable Northern Ireland law and International Financial Reporting Standards as adopted by the European Union are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with the relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Article 243 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.

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements have been properly prepared in accordance with the Companies (Northern Ireland) Order 1986. We report to you whether in our opinion the information given in the directors' report is consistent with the financial statements. In addition we also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read other information contained in the annual report and consider whether it is consistent with the audited financial statements. The other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

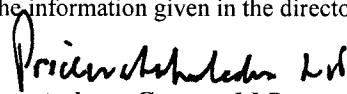
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

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 misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with International Financial Reporting Standards as adopted by the European Union, of the state of the company's affairs as at 30 September 2007 and of its loss and cash flows for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies (Northern Ireland) Order 1986; and
- the information given in the directors' report is consistent with the financial statements.



PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors
Belfast
1 February 2008

**Income Statement
for the year ended 30 September 2007**

	Notes	2007 £	2006 £
Continuing operations			
Revenue	2	13,329,682	9,956,344
Cost of sales		(10,355,946)	(8,368,456)
Gross profit		2,973,736	1,587,888
Distribution costs		(1,026,430)	(1,150,481)
Administrative expenses		(5,328,719)	(4,647,642)
Research and development		(609,188)	(100,000)
Operating loss		(3,990,601)	(4,310,235)
Analysed as:			
EBITDA		(1,211,438)	(1,779,997)
Depreciation of tangible assets		(2,504,048)	(2,292,796)
Amortisation of intangible assets		(50,115)	(12,442)
Goodwill written off		(225,000)	(225,000)
Finance costs	4	(219,782)	(225,656)
Finance income	4	30,197	-
Finance costs - net	4	(189,585)	(225,656)
Loss before taxation	5	(4,180,186)	(4,535,891)
Taxation	7	-	-
Loss for the year attributable to equity shareholders		(4,180,186)	(4,535,891)

Statement of changes in shareholders' equity

	Share capital £	Retained earnings £	Total equity £
At 1 October 2005	50,769,445	(13,260,211)	37,509,234
Net loss	-	(4,535,891)	(4,535,891)
Shares issued	186,620	-	186,620
At 31 October 2006	50,956,065	(17,796,102)	33,159,963
Net loss	-	(4,180,186)	(4,180,186)
At 30 September 2007	50,956,065	(21,976,288)	28,979,777

Balance sheet at 30 September 2007

	Notes	2007 £	2006 £
Assets			
Non-current assets			
Intangible assets	8	248,176	389,870
Property, plant and equipment	9	49,913,277	50,693,664
Investment in subsidiaries	10	1	1
Total non-current assets		50,161,454	51,083,535
Current assets			
Trade and other receivables	11	9,084,839	9,083,803
Cash and cash equivalents	12	95,390	151,807
Total current assets		9,180,229	9,235,610
Total assets		59,341,683	60,319,145
Liabilities			
Current Liabilities			
Borrowings	14	210,824	674,111
Trade and other payables	13	22,089,435	17,854,009
Total current liabilities		22,300,259	18,528,120
Non-current liabilities			
Borrowings	14	3,475,000	3,212,500
Deferred income	17	4,586,647	5,418,562
Total non-current liabilities		8,061,647	8,631,062
Total liabilities		30,361,906	27,159,182
Equity			
Shareholders' equity			
Ordinary shares	18	50,956,065	50,956,065
Retained earnings		(21,976,288)	(17,796,102)
Total shareholders' equity		28,979,777	33,159,963
Total equity and liabilities		59,341,683	60,319,145

The financial statements on pages 6 to 23 were approved by the board on 7 January 2008 and were signed on its behalf by:



JW Irvine

Directors



RA Milliken

**Cash flow statement
for the year ended 30 September 2007**

	Notes	2007 £	2006 £
Cash flows from operating activities			
Cash used in operations	19	(2,427,521)	(2,399,548)
Interest received		30,197	-
Interest paid		(255,971)	(225,656)
Net cash used in operating activities		(2,653,295)	(2,625,204)
Cash flows from investing activities			
Purchase of property, plant and equipment		(1,936,524)	(2,336,684)
Purchase of intangible assets		(133,421)	(177,312)
Proceeds from the sale of property, plant and equipment		217,178	-
Net proceeds from additional capital grants		-	46,462
Net cash used in investing activities		(1,852,767)	(2,467,534)
Cash flows from financing activities			
Net proceeds from issue of ordinary share capital	18	-	186,620
Advances from related parties		4,650,432	3,530,712
Repayment of borrowings		(100,000)	(30,449)
Net cash generated from financing activities		4,550,432	3,686,883
Net increase/(decrease) in cash and cash equivalents		44,370	(1,405,855)
Cash, cash equivalents and bank overdrafts at 1 October		(59,804)	1,346,051
Cash, cash equivalents and bank overdrafts at 30 September	12	(15,434)	(59,804)

**Notes to the financial statements
for the year ended 30 September 2007**

1 Accounting policies

General Information

The company's principal activities during the year were as described in the Directors' Report.

The financial statements are presented in Sterling.

These financial statements were authorised for issue by the board of directors on 7 January 2008 and were signed on its behalf by JW Irvine and RA Milliken.

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New standards and interpretations not applied

During the year, the IASB and IFRIC have issued the following accounting standards and interpretations with an effective date after the date of these financial statements (i.e. applicable to accounting periods beginning on or after the effective date);

		Effective date
International Accounting Standards (IAS/IFRSs)		
IFRS 7	Financial instruments: disclosures	1 January 2007
IAS 1 *	Amendment relating to the presentation of financial statements	1 January 2007
IFRS 8 *	Operating segments	1 January 2009
IAS 23 *	Borrowing costs (revised)	1 January 2009
International Financial Reporting Interpretation Committee (IFRIC)		
IFRIC 10	Interim financial reporting and impairment	1 November 2006
IFRIC 11	Group and treasury share transactions	1 March 2007
IFRIC 12 *	Service concession arrangements	1 January 2008
IFRIC 13 *	Customer loyalty programmes	1 July 2008
IFRIC 14 *	IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction	1 January 2008

The Directors do not anticipate that the adoption of these standards and interpretations will have a material impact on the company's financial statements in the period of initial application.

Under the adoption of IFRS 7, the company will have to disclose additional information about its financial instruments, their significance and the nature and extent of risks they give rise to. More specifically the company will need to disclose the fair value of its financial instruments and its risk exposure in greater detail. There will be no effect on reported income or net assets.

* These standards have not yet been adopted by the European Union.

1 Accounting policies (continued)

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations and with those parts of the Companies (Northern Ireland) Order, 1986 applicable to companies reporting under IFRS. These financial statements have been prepared under the historical cost convention. A summary of the more important accounting policies is set out below, together with an explanation of where changes have been made to previous policies on the adoption of new accounting standards in the year.

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, events or actions, actual results ultimately may differ from these estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below.

Basis of consolidation

The company is exempt from preparing consolidated financial statements as the company itself is wholly owned by an EC registered parent which prepares consolidated financial statements.

Intangibles

Software costs

The costs of acquiring computer software are capitalised and amortised on a straight-line basis over the estimated useful economic life of the software which is between three to five years. Costs include direct labour relating to software development and an appropriate portion of directly attributable overheads.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the net identifiable assets at the date of the acquisition. Goodwill is tested annually for impairment and is carried at cost less accumulated impairment losses. Impairment is determined by assessing the recoverable amount of the cash generating unit to which the goodwill relates. Where the recoverable amount of the cash generating unit is less than the carrying amount, an impairment loss is recognised immediately in the income statement and is not subsequently reversed.

Property, plant and equipment

The cost of assets is their purchase cost, together with any incidental costs of acquisition. No depreciation is charged on land. For all other 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 principal annual rates used are as follows:

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

Freehold land is not depreciated.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognised within other (losses)/gains – net, in the income statement.

1 Accounting policies (continued)**Investment in subsidiaries**

Investments in subsidiaries are held as non-current assets are stated at cost less provision for impairment.

Trade receivables

Trade receivables do not carry any interest and are recognised and carried at the lower of their original invoiced value and recoverable amount. Provision is made when there is objective evidence that the asset is impaired. Balances are written off when the probability of recovery is assessed as being remote.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

Trade payables

Trade payables are not interest bearing and are stated at their nominal value.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership ('finance leases') the assets are treated as if they had been purchased outright. The corresponding leasing commitments are shown as obligations to the lessor. Depreciation is charged to the income statement on a straight line basis over the shorter of the lease terms and the useful lives of equivalent owned assets. Lease payments are treated as consisting of capital and interest elements and the interest is charged to revenue in proportion to the reducing capital element outstanding.

Rentals under operating leases are charged to revenue as incurred.

Taxation

Current tax is provided at the amounts expected to be paid applying tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are recognised to the extent that is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax is provided using rates of tax that have been enacted or substantively enacted by the balance sheet date. Deferred tax liabilities and assets are not discounted.

Capital grants

Capital grants are treated as deferred income which is then credited to the income statement over the related asset's useful life.

Revenue grants

Revenue grants relating to research and development expenditure and employment grants are credited to the income statement in the year in which the expenditure is incurred.

Research and development

Expenditure on research and development is written off in the year in which it is incurred. Development expenditure is capitalised when the criteria for recognising an asset are met. Property, plant and equipment used for research and development is depreciated in accordance with the company's policy.

1 Accounting policies (continued)**Foreign currency translation**

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in sterling, which is the company's functional and presentation currency.

Foreign currency transactions are booked in the functional currency at the exchange rate ruling on the date of transaction. All monetary assets and liabilities denominated in foreign currency are translated at the rate of exchange ruling at the balance sheet date and the resulting gain/loss is taken to the income statement. All other exchange differences are taken to the income statement.

Revenue recognition

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

Pension costs

The company participates in a group defined contribution scheme for employees whereby the assets of the scheme are held separately from those of the group in an independently administered scheme. Contributions are charged to the income statement in the year to which they relate.

2 Analysis of revenue

Revenue is attributable to the company's principal activities carried out in the United Kingdom.

3 Financial risk management**Financial risk factors**

The company's operations expose it to a variety of financial risks that include the effects of changes in market prices, credit risk and foreign exchange risk. Liquidity risk and interest rate risk have not been of concern where operations have been largely funded by interest free shareholder loans. Interest-bearing assets consist of short-term bank deposits. Interest-bearing liabilities consist primarily of bank overdrafts. The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the group by monitoring the foregoing risks.

Price risk

The company is not exposed to commodity price risk as a result of its operations nor is the company exposed to equity securities price risk as it holds no listed or other equity investments.

Foreign exchange risk

While the greater part of the company's revenues and expenses are denominated in sterling, the company is exposed to foreign exchange risk in the normal course of business. While the company has not used financial instruments to date to hedge foreign exchange exposure, this position is kept constantly under review.

Credit risk

The company has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to individual customers is subject to limits, which are reassessed regularly.

4 Finance costs - net

	2007 £	2006 £
Interest expense:		
Interest payable on bank borrowings	-	(46,543)
Other finance costs	(219,782)	(179,113)
Finance costs	(219,782)	(225,656)
Interest income:		
Interest on bank deposits	30,197	-
Finance income	30,197	-
Finance costs – net	(189,585)	(225,656)

5 Loss before taxation

	2007 £	2006 £
The following items have been included in arriving at operating loss		
Staff costs (Note 6)	7,012,099	6,184,134
Depreciation of property, plant and equipment		
- owned assets	2,504,048	2,292,796
Profit on disposal of property, plant and equipment	(4,315)	-
Repairs and maintenance expenditure on property, plant and equipment	267,610	141,027
Amortisation of intangible fixed assets	50,115	12,442
Goodwill written off	225,000	225,000
Research and development expenditure	609,188	100,000
Trade receivables impairment	(6,082)	51,707
Hire of plant and machinery – operating leases	45,903	76,636
Other operating lease rentals	95,000	101,466
Transfer from capital grant reserve	(831,915)	(831,915)
Revenue grants	(29,291)	(66,626)

Services provided by the auditors and network firms

During the year the company obtained the following services from the auditor at costs as detailed below.

	2007 £	2006 £
Audit services		
- Statutory audit	9,634	10,000
Further assurance services	-	1,000
Tax services		
- Compliance services	2,625	3,000
- Advisory services	-	8,400
	12,259	22,400

6 Employees and directors

	2007 £	2006 £
Staff costs during the year		
Wages and salaries	6,216,218	5,506,246
Social security costs	628,671	530,883
Other pension costs	167,210	147,005
	7,012,099	6,184,134

	Number	Number
Average monthly number of persons employed (including directors) during the year by activity		
Administration	23	23
Production	170	150
	193	173

	2007 £	2006 £
Key management compensation		
Salaries and short term employee benefits	197,384	178,169
Post – employment benefits	10,178	9,720
	207,562	187,889

The key management figures given above include directors.

	2007 £	2006 £
Directors		
Aggregate emoluments	178,384	161,772
Company pension contributions to money purchase schemes	10,178	9,720

One director (2006: one) has retirement benefits accruing under a money purchase scheme.

7 Taxation

	2007 £	2006 £
Current tax		
Continuing operations	-	-
	-	-
Deferred tax		
Continuing operations	-	-
	-	-
Taxation	-	-

7 Taxation (continued)

Tax assessed for the period differs from the standard rate of corporation tax in the UK of 30% (2006: 30%). The differences are explained below:

	2007 £	2006 £
Loss on ordinary activities before tax	(4,180,186)	(4,535,891)
Loss on ordinary activities before tax at the UK standard rate of 30% (2006: 30%)	(1,254,056)	(1,360,767)
Effects of:		
Expenses not deductible for tax purposes	413,508	271,604
Non taxable grants transfers	(249,575)	(248,181)
Deferred tax not recognised	(640,306)	499,896
Group relief not paid	1,911,828	1,412,617
R & D tax credits	(181,399)	(575,169)
Total taxation (continuing operations)	-	-

8 Intangible assets

	Software costs £	Goodwill £	Total £
Cost			
At 1 October 2006	177,312	450,000	627,312
Additions	133,421	-	133,421
At 30 September 2007	310,733	450,000	760,733
Aggregate amortisation/amounts written off			
At 1 October 2006	12,442	225,000	237,442
Amortisation charge for the year	50,115	-	50,115
Written off in the year	-	225,000	225,000
At 30 September 2007	62,557	450,000	512,557
Net book value			
At 30 September 2007	248,176	-	248,176
At 30 September 2006	164,870	225,000	389,870

8 Intangible assets (continued)

	Software costs £	Goodwill £	Total £
Cost			
Additions	177,312	-	177,312
Intergroup transfer	-	450,000	450,000
At 30 September 2006	177,312	450,000	627,312
Aggregate amortisation/amounts written off			
Amortisation charge for the year	12,442	-	12,442
Written off in the year	-	225,000	225,000
At 30 September 2006	12,442	225,000	237,442
Net book value			
At 30 September 2006	164,870	225,000	389,870
At 30 September 2005	-	-	-

9 Property, plant and equipment

	Freehold land and buildings £	Plant and machinery £	Fixtures and fittings £	Computers £	Motor vehicles £	Total £
Cost						
At 1 October 2006	45,020,736	12,047,482	1,929,713	1,035,177	42,075	60,075,183
Additions	3,566	1,773,124	130,011	29,823	-	1,936,524
Disposals	-	(228,349)	-	-	-	(228,349)
At 30 September 2007	45,024,302	13,592,257	2,059,724	1,065,000	42,075	61,783,358
Accumulated depreciation						
At 1 October 2006	3,139,396	4,338,070	1,170,830	708,682	24,541	9,381,519
Charge for the year	828,192	1,330,655	191,994	146,538	6,669	2,504,048
Disposals	-	(15,486)	-	-	-	(15,486)
At 30 September 2007	3,967,588	5,653,239	1,362,824	855,220	31,210	11,870,081
Net book value						
At 30 September 2007	41,056,714	7,939,018	696,900	209,780	10,865	49,913,277
At 30 September 2006	41,881,340	7,709,412	758,883	326,495	17,534	50,693,664

9 Property, plant and equipment (continued)

	Freehold land and buildings £	Plant and machinery £	Fixtures and fittings £	Computers £	Motor vehicles £	Total £
Cost						
At 1 October 2005	42,195,644	8,056,020	1,686,537	785,560	26,675	52,750,436
Intergroup transfer	2,013,777	2,659,439	147,658	151,789	15,400	4,988,063
Additions	811,315	1,332,023	95,518	97,828	-	2,336,684
At 30 September 2006	45,020,736	12,047,482	1,929,713	1,035,177	42,075	60,075,183
Accumulated depreciation						
At 1 October 2005	2,130,773	2,246,982	913,512	449,646	4,446	5,745,359
Intergroup transfer	179,890	958,606	72,028	117,440	15,400	1,343,364
Charge for the year	828,733	1,132,482	185,290	141,596	4,695	2,292,796
At 30 September 2006	3,139,396	4,338,070	1,170,830	708,682	24,541	9,381,519
Net book value						
At 30 September 2006	41,881,340	7,709,412	758,883	326,495	17,534	50,693,664
At 30 September 2005	40,064,871	5,809,038	773,025	335,914	22,229	47,005,077

10 Investment in subsidiaries

	£
Cost	
At 1 October 2006 and 30 September 2007	1
Amounts written off	
At 1 October 2006 and 30 September 2007	-
Net book value	
At 30 September 2007	1
At 30 September 2006	1

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 2007 the aggregate capital and reserves of Syngal Limited were £2.

11 Trade and other receivables

	2007	2006
	£	£
Amounts falling due within one year:		
Trade debtors	5,385,969	3,974,299
Less: Provision for impairment of receivables	(178,843)	(184,925)
Trade debtors (net)	5,207,126	3,789,374
Amounts owed from group undertakings	3,832,730	5,245,421
Prepayments and accrued income	44,983	49,008
	9,084,839	9,083,803

The fair values of trade and other receivables are as follows:

	2007	2006
	£	£
Trade debtors (net)	5,207,126	3,789,374
Amounts owed from group undertakings	3,832,730	5,245,421
Prepayments and accrued income	44,983	49,008
	9,084,839	9,083,803

The carrying amount of the company's trade and other receivables are denominated in the following currencies:

	2007	2006
	£	£
Currency		
UK Pound	8,175,151	8,495,865
US Dollar	623,574	324,314
Euro	286,114	263,624
	9,084,839	9,083,803

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable above.

Movements on the provision for impairment of trade receivables are as follows:

	2007	2006
	£	£
At 1 October	184,925	133,218
(Release)/increase for receivables impairment	(6,082)	51,707
At 30 September	178,843	184,925

12 Cash and cash equivalents

	2007	2006
	£	£
Cash at bank and in hand	95,390	151,807

Cash, cash equivalents and bank overdrafts include the following for the purposes of the cash flow statement:

	2007	2006
	£	£
Cash and cash equivalents	95,390	151,807
Bank overdrafts (Note 14)	(110,824)	(211,611)
	(15,434)	(59,804)

13 Trade and other payables - current

	2007	2006
	£	£
Trade payables	321,847	527,891
Amounts owed to group undertakings	18,980,033	14,316,547
Amounts owed to director	73,111	73,111
Other tax and social security	272,540	273,771
Other creditors	144,207	109,369
Accruals	2,297,697	2,553,320
	22,089,435	17,854,009

14 Financial liabilities - borrowings

	2007	2006
	£	£
Current		
Bank overdraft		
Unsecured	110,824	211,611
	110,824	211,611
Other loans	100,000	462,500
	210,824	674,111
Non-current		
Other loans	3,475,000	3,212,500

The fair value of current borrowings equals their carrying amount as the impact of discounting is not significant.

£3.575m of the above loans is repayable by 32 quarterly instalments commencing June 2006. Interest is charged at 5.68% per annum. This amount is secured on the company's property.

14 Financial liabilities – borrowings (continued)

The fair values of non-current borrowings based on a discount rate of 5% per annum are as follows:

	2007	2006
	£	£
Non-current		
Other loans	3,633,850	3,310,164

The effective interest rates at the balance sheet date were as follows:

	2007	2006
	%	%
Bank overdrafts	6.75	5.75
Fixed rate loans	5.50	5.50

The carrying amounts of the company's borrowings are denominated in the following currencies:

	2007	2006
	£	£
Currency		
UK pound	3,685,824	3,959,722

15 Deferred tax

Deferred tax is calculated on temporary differences under the liability method using a tax rate of 28% (2006: 30%).

	2007	2006
	£	£
Deferred taxation asset not recognised comprises:		
Accelerated capital allowances	502,070	1,779,936
Provision	255,504	296,145
Losses	4,376,347	4,346,126
	5,133,921	6,422,207

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 Financial instruments

Maturity of financial liabilities

The maturity profile of the carrying amount of non-current liabilities, at 30 September was as follows:

	2007	2006
	£	£
In more than one year but not more than two years	100,000	462,500
In more than two years but not more than five years	300,000	1,387,500
In more than five years	3,075,000	1,362,500
	3,475,000	3,212,500

17 Deferred income

	Government grants £
At 1 October 2005	5,617,497
Intergroup transfer	586,518
Additions	46,462
Released to income statement	(831,915)
At 1 October 2006	5,418,562
Released to income statement	(831,915)
At 30 September 2007	4,586,647

18 Called up share capital

	2007 £	2006 £
Authorised		
75,000,000 ordinary shares of £1 each	75,000,000	75,000,000
Issued and fully paid		
Ordinary shares of £1 each		
At 1 October	50,956,065	50,769,445
Allotted during the year	-	186,620
At 30 September	50,956,065	50,956,065

186,620 ordinary shares of £1 each were issued at par to Dr Sir Allen McClay during the prior year.

19 Cash flows from operating activities

Reconciliation of net loss to net cash outflow from operating activities:

Cash generated from operations	2007 £	2006 £
Net loss	(4,180,186)	(4,535,891)
Adjustment for:		
Depreciation charge	2,504,048	2,292,796
Amortisation charge	50,115	12,442
Goodwill written off	225,000	225,000
Profit on disposal of property, plant and equipment	(4,315)	-
Release of capital grant	(831,915)	(831,915)
Interest receivable	(30,197)	-
Interest expense	219,782	225,656
Increase in trade and other receivables	(1,036)	(1,696,810)
(Decrease)/increase in payables	(378,817)	1,909,174
Net cash outflow from operating activities	(2,427,521)	(2,399,548)

20 Pension commitments

The company operates a defined contribution scheme for employees whereby the assets of the scheme are held separately from those of the company in an independently administered scheme.

Pension costs for the defined contribution scheme are as follows:

	2007 £	2006 £
Defined contribution scheme	167,210	147,005

21 Capital and other financial commitments

	2007 £	2006 £
Contracts placed for future capital expenditure not provided in the financial statements	226,000	225,000

22 Operating lease commitments - minimum lease payments

	2007 £	2006 £
The future aggregate minimum lease payments under non-cancellable operating leases are as follows:		
Within one year	134,616	132,661
Later than one year and less than five years	459,555	430,999
Greater than five years	380,000	475,000
	974,171	1,038,660

23 Contingent liabilities

There exists a contingent liability to repay certain capital and revenue grants received from Invest Northern Ireland 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.

24 Ultimate controlling party and related party transactions

The ultimate controlling party is Dr Sir Allen McClay, who is a director of the company. Transactions entered into during the year with related parties, and balances outstanding at 30 September are as follows:

	2007 £	2006 £
Sales to related parties	1,593,304	3,157,457
Purchases from related parties	2,887,066	455,506
Amounts owed by related parties	2,141,948	4,075,187
Amounts owed to related parties	35,464	265,874
Amounts owed to director	73,111	73,111

Balances outstanding with group companies are disclosed in notes 11 and 13.