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Registered no: NI 41550

Almac Sciences Limited

Report and financial statements

for the year ended 30 September 2008

Almac Sciences Limited

Report and financial statements for the year ended 30 September 2008

Almac Sciences Limited

Directors and advisers

Executive directors

Dr Sir Allen McClay OBE, CBE – Chairman
AD Armstrong
S Barr
S Campbell
JW Irvine
RA Milliken
C Hayburn

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 Limited
45-48 High Street
Portadown
BT62 1LB

Independent auditors

PricewaterhouseCoopers LLP
Waterfront Plaza
8 Laganbank Road
Belfast
BT1 3LR

Directors' report for the year ended 30 September 2008

The directors present their report and the audited financial statements of the company for the year ended 30 September 2008.

Principal activities

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

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

Review of business and future developments

The results for the year are set out on page 6 and show a pre-tax loss of £4,710,320 (2007: £4,180,186) for the year and sales of £13,580,619 (2007: £13,329,682). 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 £4,710,320 (2007: £4,180,186). The directors do not recommend payment of a dividend (2007: £Nil).

Research and development activities

The company is committed to research and development in the area of drug discovery. Research in the year totalled £354,731 (2007: £609,188) and was expensed as incurred. No development expenditure was incurred in the year (2007: £Nil).

Directors

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

Political and charitable donations

During the year, the company made charitable donations amounting to £Nil (2007: £Nil). No donations for political purposes were made during the year (2007: £Nil).

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.

Independent 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
20 February 2009

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
20 February 2009

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 2008, which comprise the income statement, the statement of changes in 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 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 also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

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 2008 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

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Belfast
6 March 2009

Income Statement for the year ended 30 September 2008

	Notes	**2008** £	2007 £
Continuing operations			
Revenue	2	**13,580,619**	13,329,682
Cost of sales	6	**(11,132,855)**	(10,355,946)
Gross profit		**2,447,764**	2,973,736
Distribution costs	6	**(1,223,857)**	(1,026,430)
Administrative expenses	6	**(5,283,433)**	(5,328,719)
Research and development	6	**(354,731)**	(609,188)
Operating loss		**(4,414,257)**	(3,990,601)
Analysed as:			
EBITDA before research and development		**(1,433,941)**	(602,250)
Depreciation of tangible assets		**(2,553,857)**	(2,504,048)
Amortisation of intangible assets		**(71,728)**	(50,115)
Goodwill written off		**-**	(225,000)
Research and development		**(354,731)**	(609,188)
Finance costs	5	**(307,929)**	(219,782)
Finance income	5	**11,866**	30,197
Finance costs - net	5	**(296,063)**	(189,585)
Loss before taxation		**(4,710,320)**	(4,180,186)
Income tax	8	**-**	-
Loss for the year attributable to equity holders of the company		**(4,710,320)**	(4,180,186)

Statement of changes in equity

	Share capital £	Retained earnings £	Total equity £
At 1 October 2006	50,956,065	(17,796,102)	33,159,963
Loss for the year	-	(4,180,186)	(4,180,186)
At 1 October 2007	50,956,065	(21,976,288)	28,979,777
Loss for the year	-	(4,710,320)	(4,710,320)
Movement in employee share incentive plan	-	28,827	28,827
At 30 September 2008	**50,956,065**	**(26,657,781)**	**24,298,284**

Balance sheet at 30 September 2008

	Notes	2008 £	2007 £
Assets			
Non-current assets			
Intangible assets	9	**342,073**	248,176
Property, plant and equipment	10	**48,116,820**	49,913,277
Investments in subsidiaries	11	**1**	1
Deferred income tax asset	17	**3,738,162**	-
Total non-current assets		**52,197,056**	50,161,454
Current assets			
Trade and other receivables	12	**9,770,938**	9,084,839
Cash and cash equivalents	13	**67,280**	95,390
Total current assets		**9,838,218**	9,180,229
Total assets		**62,035,274**	59,341,683
Liabilities			
Current liabilities			
Borrowings	16	**726,088**	210,824
Trade and other payables	14	**25,963,041**	21,330,034
Total current liabilities		**26,689,129**	21,540,858
Non-current liabilities			
Borrowings	16	**2,625,000**	3,475,000
Deferred income tax liabilities	17	**3,738,162**	-
Other non-current liabilities	15	**867,781**	759,401
Deferred income	18	**3,816,918**	4,586,647
Total non-current liabilities		**11,047,861**	8,821,048
Total liabilities		**37,736,990**	30,361,906
Equity			
Capital and reserves attributable to equity holders of the company			
Ordinary shares	19	**50,956,065**	50,956,065
Retained earnings		**(26,657,781)**	(21,976,288)
Total equity		**24,298,284**	28,979,777
Total equity and liabilities		**62,035,274**	59,341,683

The notes on pages 10 to 26 are an integral part of these financial statements.

The financial statements on pages 6 to 26 were authorised for issue by the board of directors on 23 February 2009 and were signed on its behalf by:

RA Milliken

AD Armstrong

Directors

Cash flow statement for the year ended 30 September 2008

	Notes	2008 £	2007 £
Cash flows from operating activities			
Cash used in operations	20	**(3,275,215)**	(2,427,521)
Interest received		**11,866**	30,197
Interest paid		**(359,111)**	(255,971)
Net cash used in operating activities		**(3,622,460)**	(2,653,295)
Cash flows from investing activities			
Purchase of property, plant and equipment		**(758,362)**	(1,936,524)
Purchase of intangible assets		**(165,625)**	(133,421)
Proceeds from the sale of property, plant and equipment		**-**	217,178
Net proceeds from additional capital grants		**82,004**	-
Net cash used in investing activities		**(841,983)**	(1,852,767)
Cash flows from financing activities			
Advances from related parties		**4,771,069**	4,650,432
Repayment of borrowings		**(366,667)**	(100,000)
Net cash generated from financing activities		**4,404,402**	4,550,432
Net (decrease)/increase in cash and cash equivalents		**(60,041)**	44,370
Cash, cash equivalents and bank overdrafts at 1 October		**(15,434)**	(59,804)
Cash, cash equivalents and bank overdrafts at 30 September	13	**(75,475)**	(15,434)

Notes to the financial statements for the year ended 30 September 2008

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.

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.

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union, 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.

The preparation of financial statements in conformity with IFRS requires the use of critical accounting estimates. It also requires management to exercise judgment in the process of applying the company's accounting policies. Management has concluded that there are no critical assumptions or estimates involving a high degree of judgment or complexity which require further disclosure under IFRS 1. The company's accounting policies and estimates are detailed below.

Standards, amendments and interpretations effective in the year to 30 September 2008

During the year, the following standards, amendments and interpretations became effective:

		Effective date
International Accounting Standards (IASs/IFRSs)		
IAS 1 (amended)	Presentation of financial statements - Capital disclosures	1 January 2007
IFRS 7	Financial instruments: Disclosures	1 January 2007
International Financial Reporting Interpretation Committee (IFRIC) Interpretations		
IFRIC 10	Interim financial reporting and impairment	1 November 2006
IFRIC 11	Group and treasury share transactions	1 March 2007

IFRS 7, 'Financial instruments: Disclosures', and the complementary amendment to IAS 1 'Presentation of financial statements – Capital disclosures', introduces new disclosures relating to financial instruments and does not have any impact on the classification and valuation of the company's financial instruments, or the disclosures relating to taxation and trade and other payables.

Neither of the IFRIC Interpretations has any material impact on these financial statements.

1 Accounting policies (continued)

Standards, amendments and interpretations that are not yet effective and have not been adopted early by the company

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):

International Accounting Standards (IASs/IFRSs)

		Effective date
IFRS 8 *	Operating segments	1 January 2009
IAS 23 *	Borrowing costs (revised)	1 January 2009
IAS 39 * (amended)	Financial instruments: Recognition and measurement on eligible hedged items	1 July 2009
IFRS 1 * (amended)	First time adoption of IFRS	1 January 2009
IAS 27 *	Consolidated and separate financial statements (revised)	1 July 2009
IAS 32 * (amended)	Financial instruments: Presentation	1 January 2009
IAS 1 *	Presentation of financial statements	1 January 2009
IFRS 2 * (amended)	Share based payments	1 January 2009
IFRS 3 *	Business combinations (revised)	1 July 2009

International Financial Reporting Interpretation Committee (IFRIC) Interpretations

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
IFRIC 15 *	Agreements for construction of real estate	1 January 2009
IFRIC 16 *	Hedges of a net investment in a foreign operator	1 October 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.

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

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.

Intangible assets

Computer software

The costs of acquiring and bringing computer software into use 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.

Capitalised software development costs include external direct costs of material and services together with direct labour costs 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 company's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'intangible assets'. Goodwill is tested annually for impairment and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash-generating units for the purposes of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

1 Accounting policies (continued)

Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation.

The cost of assets is their purchase cost, together with any incidental costs of acquisition. For all 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

No depreciation is charged on land.

The assets' residual values and useful economic 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.

Investment in subsidiaries

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

Financial assets

The company classifies all its financial assets as loans and receivables.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the balance sheet date. These are classified as non-current assets. The company's loans and receivables comprise 'trade and other receivables' and cash and cash equivalents in the balance sheet.

Impairment of non-financial assets

Assets that have an indefinite useful economic life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell, and value in use. For the purposes of assessing impairment, assets are grouped by cash generating unit. Non-financial assets other than goodwill that have suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Trade and other receivables

Trade and other receivables are recognised initially at fair value and carried at the lower of their original invoiced value and recoverable amount. A provision for impairment is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against the income statement.

1 Accounting policies (continued)

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 and other payables

Trade and other payables are stated at fair 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.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

Leased assets

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised directly in equity. In this case the tax is also recognised in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

Grants

Grants are recognised at their fair value where there is a reasonable assurance that the grant will be received and the company will comply with all attached conditions. Grants relating to costs are deferred and recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate. Grants relating to property, plant and equipment are included in non-current liabilities as deferred grants and are credited to the income statement on a straight-line basis over the expected useful economic lives of the related assets.

1 Accounting policies (continued)

Research and development

Expenditure on research is written off in the year in which it is incurred. Development expenditure is capitalised when the criteria for recognising an asset are met.

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of services in the ordinary course of the company's activities. Revenue is shown, net of value-added tax, returns, rebates and discounts.

The company recognises revenue when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the entity. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The company considers this to be upon shipment of products, which is when title to the product is transferred to the customer or upon completion of services when results of testing have been delivered to the customer or logistics operations have been performed. The company uses percentage-of-completion method in accounting for its fixed price contracts to deliver services. Use of the percentage-of-completion method requires the company to estimate the services performed to date as a proportion of the total services to be performed.

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 translated into the functional currency at the exchange rate ruling on the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in the income statement. 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.

Pension obligations

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: market risk (including currency risk and cash flow interest rate risk), credit risk and liquidity risk. Interest-bearing assets consist of short-term bank deposits and related party advances. Interest-bearing liabilities consist of bank overdrafts, amounts owed to related parties and other loans. 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.

Market risk

(i) 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.

3 Financial risk management (continued)

If the US Dollar had weakened/strengthened by 10% against the sterling spot rate on 30 September with all other variables held constant, the financial statements would have been impacted as follows:

	2008		2007	
	Impact on post-tax profits £'000	**Impact on equity £'000**	Impact on post-tax profits £'000	Impact on equity £'000
US Dollar weakens by 10% against GBP	**-28**	**-28**	-31	-31
US Dollar strengthens by 10% against GBP	**+35**	**+35**	+38	+38

(ii) Cash flow interest rate risk

The company's interest rate risk arises from borrowings, which are a combination of overdrafts and term loans. The company manages this risk by a mixture of variable interest rates on overdrafts, fixed rate interest on part of the term loan facilities and interest free advances from group companies. The interest rate is monitored on a regular basis with reference to movements in global interest rates and the potential impact upon the company's cost of borrowing. If average interest rates over the period had increased/decreased by 1% will all other variables held constant, the financial statements would have been impacted as follows:

	2008		2007	
	Impact on post-tax profits £'000	**Impact on equity £'000**	Impact on post-tax profits £'000	Impact on equity £'000
Interest rates increase by 1%	**-12**	**-12**	-	-
Interest rates decrease by 1%	**+12**	**+12**	-	-

Credit risk

The company has implemented policies that require appropriate credit checks on potential customers before sales are made. Credit control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. The amount of exposure to individual customers is subject to limits, which are reassessed regularly.

Liquidity risk

The company projects cash flow requirements as part of its annual budget setting process. Cash requirements are monitored dynamically by the company's ultimate parent undertaking, with resources deployed to the company as required. As a result of its activities, the company is a net consumer of cash and combines intergroup funding with external sources to ensure that sufficient liquidity is maintained to allow continued operation.

4 Capital risk management

The company's ultimate parent undertaking's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. For further details, refer to the report and financial statements for the ultimate parent undertaking, Almac Group Limited.

5 Finance costs - net

	2008 £	2007 £
Interest expense:		
Interest payable to group undertakings	**(110,431)**	-
Other finance costs	**(197,498)**	(219,782)
Finance costs	**(307,929)**	(219,782)
Interest income:		
Interest receivable on bank deposits	**1,978**	30,197
Interest receivable from group undertakings	**9,888**	-
Finance income	**11,866**	30,197
Finance costs – net	**(296,063)**	(189,585)

6 Expenses by nature

	2008 £	2007 £
Staff costs (Note 7)	**8,309,489**	7,012,099
Depreciation and amortisation	**2,625,585**	2,554,163
Goodwill written off	**-**	225,000
Operating lease payments	**145,422**	140,903
Transfer from capital grant reserve	**(851,733)**	(831,915)
Other expenses	**7,766,113**	8,220,033
Total cost of sales, distribution costs, research and development, and administrative expenses.	**17,994,876**	17,320,283

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:

	2008 £	2007 £
Audit services		
- Statutory audit	**10,137**	9,634
Tax services		
- Compliance services	**7,340**	2,625
	17,477	12,259

7 Employees and directors

	2008 £	2007 £
Staff costs during the year		
Wages and salaries	**7,344,807**	6,216,218
Social security costs	**736,966**	628,671
Pension costs – defined contribution plans	**227,716**	167,210
	8,309,489	7,012,099

7 Employees and directors (continued)

	2008 Number	2007 Number
Average monthly number of persons employed (including directors) during the year by activity:		
Operations	**202**	170
Administration	**25**	23
	227	193

There were no key members of management during the year other than the directors noted below.

Directors	2008 £	2007 £
Aggregate emoluments	**195,714**	178,384
Company pension contributions to money purchase schemes	**20,428**	10,178

One director (2007: one) has retirement benefits accruing under a money purchase scheme.

8 Income tax

	2008 £	2007 £
Current tax		
UK corporation tax	-	-
	-	-
Deferred tax		
Origination and reversal of temporary differences	-	-
	-	-
Income tax	-	-

The tax assessed for the period differs from that derived from the standard rate of corporation tax in the UK of 28% (2007: 30%). The differences are explained below:

	2008 £	2007 £
Loss before taxation	**(4,710,320)**	(4,180,186)
Loss before taxation at the UK standard rate of 28% (2007: 30%)	**(1,318,890)**	(1,254,056)
Effects of:		
Expenses not deductible for tax purposes	**188,788**	413,508
Income not taxable	**(238,496)**	(249,575)
Enhanced research and development expenditure	**(24,831)**	(640,306)
Deferred tax not recognised	**(945,410)**	1,911,828
Group relief not paid	**2,338,839**	(181,399)
Income tax	-	-

9 Intangible assets

	Computer software £	Goodwill £	Total £
Cost			
At 1 October 2007	310,733	450,000	760,733
Additions	165,625	-	165,625
At 30 September 2008	**476,358**	**450,000**	**926,358**
Accumulated amortisation			
At 1 October 2007	62,557	450,000	512,557
Charge for the year	71,728	-	71,728
At 30 September 2008	**134,285**	**450,000**	**584,285**
Net book value			
At 30 September 2008	**342,073**	**-**	**342,073**

	Computer software £	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**
Accumulated amortisation			
At 1 October 2006	12,442	225,000	237,442
Charge for the year	50,115	-	50,115
Amount written off	-	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**

Amortisation is included within administrative expenses in the income statement.

10 Property, plant and equipment

	Freehold land and buildings £	Plant and machinery £	Fixtures and fittings £	Computers £	Motor vehicles £	Total £
Cost						
At 1 October 2007	45,024,302	13,592,257	2,059,724	1,065,000	42,075	61,783,358
Additions	229,318	447,759	13,755	67,530	-	758,362
Disposals	-	-	-	-	(15,400)	(15,400)
At 30 September 2008	**45,253,620**	**14,040,016**	**2,073,479**	**1,132,530**	**26,675**	**62,526,320**
Accumulated depreciation						
At 1 October 2007	3,967,588	5,653,239	1,362,824	855,220	31,210	11,870,081
Charge for the year	829,557	1,392,549	184,260	140,822	6,669	2,553,857
Disposals	-	-	-	-	(14,438)	(14,438)
At 30 September 2008	**4,797,145**	**7,045,788**	**1,547,084**	**996,042**	**23,441**	**14,409,500**
Net book value						
At 30 September 2008	**40,456,475**	**6,994,228**	**526,395**	**136,488**	**3,234**	**48,116,820**

	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**

Depreciation is included within administrative expenses in the income statement.

Borrowings are secured against buildings above (Note 16).

11 Investment in subsidiaries

	£
Cost	
At 1 October 2007 **and 30 September 2008**	1
Amounts written off	
At 1 October 2007 **and 30 September 2008**	-
Net book value	
At 30 September 2007 and **30 September 2008**	1

Investments in group undertakings are recorded at cost, which is the fair value of the consideration paid.

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 2008 the aggregate capital and reserves of Syngal Limited were £2.

12 Trade and other receivables

	2008	2007
	£	£
Amounts falling due within one year:		
Trade receivables	**2,906,214**	3,244,051
Less: Provision for impairment of trade receivables	**(178,843)**	(178,843)
Trade receivables (net)	**2,727,371**	3,065,208
Amounts owed by group undertakings	**4,273,266**	3,832,730
Amounts owed by other related parties	**2,666,127**	2,141,918
Other receivables	**20,351**	-
Prepayments and accrued income	**83,823**	44,983
	9,770,938	9,084,839

The fair values of trade and other receivables are not materially different from the carrying values.

For the purposes of IFRS 7, all of the company's financial assets are classified as loans and receivables. The company has no assets that may be classified as held at fair value through profit and loss, derivatives used for hedging or available-for-sale.

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

	2008	2007
	£	£
Currency		
UK Pound	**8,824,386**	8,175,151
US Dollar	**247,633**	623,574
Euro	**698,919**	286,114
	9,770,938	9,084,839

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

12 Trade and other receivables (continued)

Trade receivables impaired and the amount of the impairment provision at 30 September 2008 was £178,843 (2007: £178,843). The individually impaired receivables mainly relate to invoices for which there is uncertainty over recoverability. It was assessed that a portion of the receivables is expected to be recovered. The trade receivables that were impaired were all overdue by more than two months.

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

	2008	2007
	£	£
At 1 October	**178,843**	184,925
Unused amounts reversed	**-**	(6,082)
At 30 September	**178,843**	178,843

As of 30 September 2008, trade receivables of £577,265 (2007: £1,010,251) were past due but not impaired. These relate to a number of large multinational corporations for whom there is little risk of default. The aged analysis of these trade receivables is as follows:

	2008	2007
	£	£
Up to 2 months overdue	**70,688**	1,010,251
More than 2 months overdue	**506,577**	-
	577,265	1,010,251

The other classes within trade and other receivables do not contain impaired assets.

13 Cash and cash equivalents

	2008	2007
	£	£
Cash and cash equivalents		
Cash at bank and in hand	**67,280**	95,390

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

	2008	2007
	£	£
Cash and cash equivalents	**67,280**	95,390
Bank overdrafts (Note 16)	**(142,755)**	(110,824)
	(75,475)	(15,434)

14 Trade and other payables

	2008 £	2007 £
Trade payables	**366,053**	286,383
Amounts owed to group undertakings	**23,751,102**	18,980,033
Amounts owed to other related parties	**8,661**	35,464
Amounts owed to director	**73,111**	73,111
Other tax and social security	**201,882**	272,540
Other creditors	**85,275**	144,207
Accruals	**1,476,957**	1,538,296
	25,963,041	21,330,034

The fair value of trade and other payables are not materially different from their carrying value as the impact of discounting is not significant.

15 Other non-current liabilities

	2008 £	2007 £
Accruals	**867,781**	759,401

Maturity of other non-current liabilities

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

	2008 £	2007 £
In more than one year but not more than two years	**284,870**	156,109
In more than two years but not more than five years	**582,911**	603,292
	867,781	759,401

16 Financial liabilities – Borrowings

Current	2008 £	2007 £
Bank overdraft	**142,755**	110,824
Other loans	**583,333**	100,000
	726,088	210,824

Non-current	2008 £	2007 £
Other loans	**2,625,000**	3,475,000

£3,208,333 (2007: £3,575,000) 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.

The fair value of both current and non-current borrowings equates to their carrying amount as the impact of discounting is not significant. For the purposes of IFRS 7, the financial liabilities noted above are classified as other financial liabilities. The company has no liabilities that may be classified as held at fair value through profit and loss or derivatives used for hedging.

16 Financial liabilities – Borrowings (continued)

The carrying amounts of the company's borrowings are denominated in sterling.

The effective interest rates at the balance sheet date were as follows:	**2008**	2007
	%	%
Bank overdrafts	**6.25**	6.75
Fixed rate loans	**5.68**	5.68

Maturity of financial liabilities –

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

	2008	2007
	£	£
In more than one year but not more than two years	**583,333**	100,000
In more than two years but not more than five years	**1,750,000**	300,000
In more than five years	**291,667**	3,075,000
	2,625,000	3,475,000

17 Deferred income tax assets/(liabilities)

Deferred tax is calculated on temporary differences under the liability method using a tax rate of 28% (2007: 28%).

The movement on the deferred tax account is as shown below:

Deferred tax asset	**Losses £**
At 1 October 2007	-
Credited to income statement	3,738,162
At 30 September 2008	**3,738,162**

Deferred tax liability	**Accelerated tax depreciation £**
At 1 October 2007	-
Charged to income statement	(3,738,162)
At 30 September 2008	**(3,738,162)**

	2008	2007
	£	£
Deferred tax assets:		
- Deferred tax asset to be recovered after more than 12 months	**3,738,162**	-
Deferred tax liabilities:		
- Deferred tax liability to be recovered after more than 12 months	**(3,738,162)**	-
Deferred tax asset - net	**-**	-

17 Deferred income tax assets/(liabilities) (continued)

	2008 £	2007 £
Deferred taxation asset not recognised comprises:		
Accelerated capital allowances	-	502,070
Other net temporary differences	**312,005**	255,504
Tax losses available	**426,302**	4,376,347
	738,307	5,133,921

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.

18 Deferred income

	Government grants £
At 1 October 2006	5,418,562
Released to income statement	(831,915)
At 1 October 2007	4,586,647
Additions	82,004
Released to income statement	(851,733)
At 30 September 2008	**3,816,918**

19 Called up share capital

Authorised	2008 £	2007 £
75,000,000 ordinary shares of £1 each	**75,000,000**	75,000,000

Issued and fully paid	2008 £	2007 £
At 1 October and **at 30 September**	**50,956,065**	50,956,065

20 Cash used in operations

	2008 £	2007 £
Loss before income tax	**(4,710,320)**	(4,180,186)
Adjustment for:		
Depreciation charge	**2,553,857**	2,504,048
Amortisation charge	**71,728**	50,115
Goodwill written off	-	225,000
Loss/(profit) on disposal of property, plant and equipment	**962**	(4,315)
Release of capital grant	**(851,733)**	(831,915)
Interest income	**(11,866)**	(30,197)
Interest expense	**307,929**	219,782
Increase in trade and other receivables	**(686,099)**	(1,036)
Increase/(decrease) in trade and other payables	**50,327**	(378,817)
Net cash outflow from operating activities	**(3,275,215)**	(2,427,521)

21 Pension commitments

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.

Pension costs for the defined contribution scheme are as follows:

	2008	2007
	£	£
Defined contribution scheme	**227,716**	167,210

22 Capital and other financial commitments

	2008	2007
	£	£
Contracts placed for future property, plant and equipment expenditure not provided in the financial statements	**215,000**	226,000

23 Operating lease commitments - minimum lease payments

	Motor Vehicles		Other	
	2008	2007	**2008**	2007
	£	£	**£**	£
The future aggregate minimum lease payments under non-cancellable operating leases are as follows:				
No later than one year	**21,874**	39,616	**124,000**	95,000
Later than one year and no later than five years	**16,695**	79,555	**496,000**	380,000
Later than five years	-	-	**372,000**	380,000
	38,569	119,171	**992,000**	855,000

24 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.

The company is party to an unlimited intercompany cross guarantee in relation to group banking facilities in the United Kingdom.

25 Ultimate controlling party and related party transactions

The parent undertaking of the smallest group of undertakings of which the company is a member and for which group financial statements are prepared is Almac Group (UK) Limited, a company incorporated in Northern Ireland. The registered office of Almac Group (UK) Limited is Almac House, 20 Seagoe Industrial Estate, Craigavon, BT63 5QD.

The ultimate parent undertaking of the company and the parent undertaking of the largest group of undertakings of which the company is a member and for which group financial statements are prepared is Almac Group Limited, a company incorporated in Northern Ireland. The registered office of Almac Group Limited is Almac House, 20 Seagoe Industrial Estate, Craigavon, BT63 5QD. Copies of the group financial statements are available from the registered office.

The ultimate controlling party is Dr Sir Allen McClay.

25 Ultimate controlling party and related party transactions (continued)

Transactions entered into during the year with related parties were as follows:

	2008	2007
	£	£
Sales to related parties	**831,584**	1,593,304
Purchases from related parties	**214,446**	270,526
Management charge	**1,749,370**	2,126,143
Amounts owed by related parties	**2,666,127**	2,141,918
Amounts owed to related parties	**8,661**	35,464
Amounts owed to a director	**73,111**	73,111

Details of balances owed by and to group undertakings are disclosed in notes 12 and 14 respectively.

Details of interest payable and receivable on balances held with group undertakings are disclosed in note 5.