

**Almac Sciences Limited**  
**Annual report and financial statements**  
**for the year ended 30 September 2010**

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# **Almac Sciences Limited**

## **Annual report for the year ended 30 September 2010**

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## **Directors and advisers**

### **Directors**

Dr Sir Allen McClay OBE CBE – Chairman (deceased 12 January 2010)  
A D Armstrong  
S Barr  
S Campbell  
J W Irvine  
C Hayburn

### **Company secretary**

C Hayburn

### **Registered office**

Almac House  
20 Seagoe Industrial Estate  
Craigavon  
County Armagh  
BT63 5QD

### **Solicitors**

McGrigors LLP  
Arnot House  
12 16 Bridge Street  
Belfast  
BT1 1LS

### **Bankers**

Northern Bank Limited  
45 48 High Street  
Portadown  
BT62 1LB

### **Independent auditors**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Waterfront Plaza  
8 Laganbank Road  
Belfast  
BT1 3LR

**Directors' report for the year ended 30 September 2010**

The directors present their annual report and the audited financial statements of the company for the year ended 30 September 2010

**Principal activity**

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 £5,733,175 (2009: £9,322,685) for the year and revenue of £11,423,222 (2009: £9,054,833). Trading during the year was difficult as a result of global economic conditions. The directors are reviewing the operations of the business and are confident of reducing the level of losses during the next financial year.

**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 ( KPIs )**

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. Further commentary is disclosed in note 3.

**Results and dividends**

The loss for the financial year is £2,351,853 (2009: £5,948,818). The directors do not recommend payment of a dividend (2009: £nil).

**Research and development activities**

The company is committed to research and development in the area of drug discovery. Research in the year totalled £414,817 (2009: £16,907) and was expensed as incurred. No development expenditure was incurred in the year (2009: £nil).

**Directors' report for the year ended 30 September 2010****Directors**

The directors who served during the year and up to the date of approval of the financial statements are shown on page 1

**Going concern**

The directors have prepared cash flow forecasts for a period of at least twelve months from the date of signing of this report and confirm that adequate funding has been committed by the company's parent to support the company's operations and planned growth over this period. Consequently the directors have prepared these financial statements on a going concern basis.

**Political and charitable donations**

No donations for political or charitable purposes were made during the year (2009 £nil)

**Employees**

The company systematically provides employees with all information on matters of concern to them, consulting them or their representatives regularly so that their views can be taken into account when making decisions that are likely to affect their interests. Employee involvement in the company is encouraged as achieving a common awareness on the part of all employees of the financial and economic factors affecting the company plays a major role in objectives.

The company is committed to employment policies which follow best practice based on equal opportunities for all employees irrespective of sex, race, colour, disability or marital status. The company gives full and fair considerations to applications for employment from disabled persons, having regard to their particular aptitudes and abilities. Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the company. If members of staff become disabled the company continues employment, either in the same or an alternative position with appropriate retraining being given if necessary.

**Statement of disclosure of information to auditors**

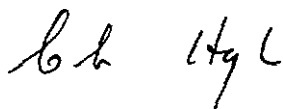
So far as each of the directors in office at the date of approval of these financial statements is aware:

- 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  
Company secretary  
21 January 2011

## Statement of directors' responsibilities

The directors are responsible for preparing the Directors' 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 prepared the financial statements in accordance with IFRSs as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they 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 period. In preparing these financial statements the directors are required to

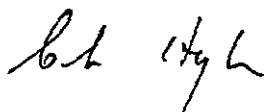
- select suitable accounting policies and then apply them consistently
- make judgments and accounting estimates that are reasonable and prudent

state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements, and

- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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  
Company secretary  
21 January 2011





**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 2010 which comprise the Income statement Statement of changes in equity Balance sheet Cash flow statement and the related notes The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union

**Respective responsibilities of directors and auditors**

As explained more fully in the Statement of directors responsibilities set out on page 4 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose We do not, in giving these opinions, 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

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed the reasonableness of significant accounting estimates made by the directors and the overall presentation of the financial statements

**Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 September 2010 and of its loss and cash flows for the year then ended
- have been properly prepared in accordance with IFRSs as adopted by the European Union and
- have been prepared in accordance with the requirements of the Companies Act 2006

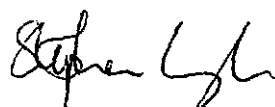
**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us or
- the financial statements are not in agreement with the accounting records and returns or certain disclosures of directors' remuneration specified by law are not made or we have not received all the information and explanations we require for our audit



Stephen Curragh (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Belfast  
21 January 2011



**Income statement for the year ended 30 September 2010**

	Note	2010 £	2009 £
<b>Continuing operations</b>			
Revenue	2	11 423 222	9 054 833
Cost of sales	6	(10 097 799)	(10 939 659)
Gross profit/(loss)		1 325 423	(1 884 826)
Distribution costs	6	(1 196 289)	(1 472 012)
Administrative expenses	6	(4 753 254)	(5 523 313)
Research and development expenditure	6	(414 817)	(16 907)
<b>Operating loss</b>		<b>(5 038 937)</b>	<b>(8 897 058)</b>
Operating loss is analysed as			
EBITDA before research and development expenditure		(1 945 994)	(6 292 393)
Depreciation of property plant and equipment		(2 510 092)	(2 489 103)
Amortisation of intangible assets		(168 034)	(98 655)
Research and development expenditure		(414 817)	(16 907)
Finance costs	5	(705 648)	(429 415)
Finance income	5	11,410	3 788
Finance costs net	5	(694 238)	(425 627)
<b>Loss before income tax</b>		<b>(5 733 175)</b>	<b>(9 322 685)</b>
Income tax	8	3 381 322	3 373 867
<b>Loss for the year attributable to owners of the company</b>		<b>(2 351 853)</b>	<b>(5 948 818)</b>

The notes on pages 10 to 29 are an integral part of these financial statements

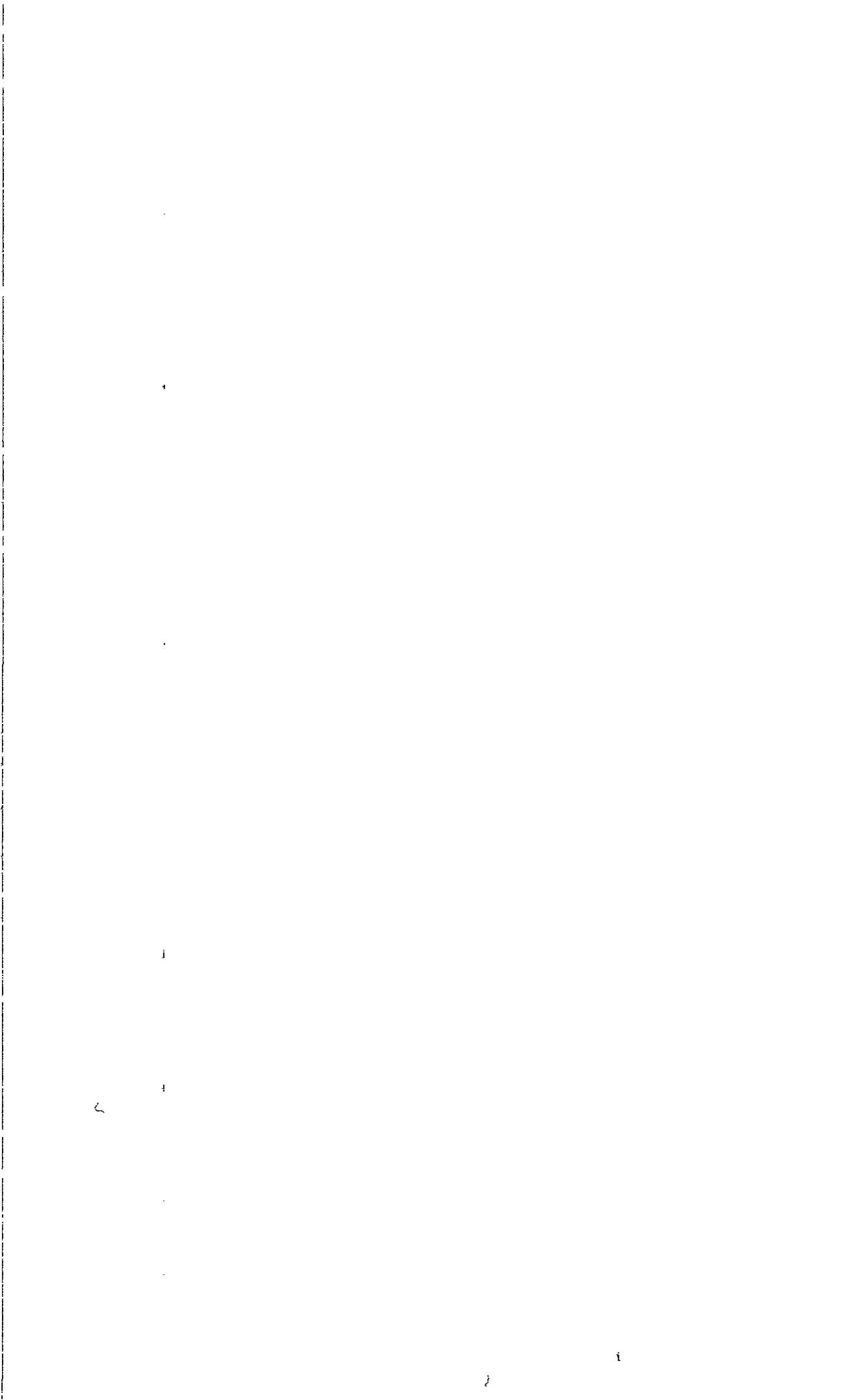
There is no other comprehensive income for the year (2009 £nil)



**Statement of changes in equity for the year ended 30 September 2010**

	Share capital £	Retained earnings £	Total equity £
At 1 October 2008	50 956 065	(26 657 781)	24 298 284
Loss for the year and total comprehensive expense		(5 948 818)	(5 948 818)
At 1 October 2009	50 956 065	(32 606 599)	18 349 466
Loss for the year and total comprehensive expense		(2 351 853)	(2 351 853)
<b>At 30 September 2010</b>	<b>50 956 065</b>	<b>(34 958 452)</b>	<b>15 997 613</b>

The notes on pages 10 to 29 are an integral part of these financial statements



## Balance sheet as at 30 September 2010

	Note	2010 £	2009 £
<b>Assets</b>			
<b>Non current assets</b>			
Intangible assets	9	612 413	362 097
Property plant and equipment	10	44 800 114	46 272 481
Investments in subsidiaries	11	1	1
<b>Total non current assets</b>		<b>45 412 528</b>	<b>46 634 579</b>
<b>Current assets</b>			
Trade and other receivables	12	12 421 586	11 752 089
Cash and cash equivalents	13	1 919	1 136
<b>Total current assets</b>		<b>12 423 505</b>	<b>11 753 225</b>
<b>Total assets</b>		<b>57 836 033</b>	<b>58 387 804</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Borrowings	16	837 091	963 683
Trade and other payables	14	36 445 511	33 168 654
<b>Total current liabilities</b>		<b>37 282 602</b>	<b>34 132 337</b>
<b>Non current liabilities</b>			
Borrowings	16	1 458,335	2 041 668
Other non current liabilities	15	916 514	887 530
Deferred income tax liabilities	17	30 577	
Deferred income	18	2 150 392	2 976 803
<b>Total non current liabilities</b>		<b>4 555 818</b>	<b>5 906 001</b>
<b>Total liabilities</b>		<b>41 838 420</b>	<b>40 038 338</b>
<b>Equity</b>			
<b>Capital and reserves attributable to owners of the company</b>			
Share capital	19	50 956 065	50 956 065
Retained earnings		(34 958 452)	(32 606 599)
<b>Total equity</b>		<b>15 997 613</b>	<b>18 349 466</b>
<b>Total equity and liabilities</b>		<b>57 836 033</b>	<b>58 387 804</b>

The notes on pages 10 to 29 are an integral part of these financial statements

The financial statements on pages 6 to 29 were authorised for issue by the board of directors on 21 January 2011 and were signed on its behalf by



A D Armstrong (director)



S Campbell (director)

**Cash flow statement for the year ended 30 September 2010**

	Note	2010 £	2009 £
<b>Cash flows from operating activities</b>			
Cash used in operations	20	(3 663 668)	(10 122 059)
Interest paid		(768 699)	(411 625)
<b>Net cash used in operating activities</b>		<b>(4 432 367)</b>	<b>(10 533 684)</b>
<b>Cash flows from investing activities</b>			
Purchase of property plant and equipment		(1 037 725)	(644 764)
Purchase of intangible assets		(418 350)	(118 679)
Capital grants received		14 598	
Interest received		11 410	3 788
<b>Net cash used in investing activities</b>		<b>(1 430 067)</b>	<b>(759 655)</b>
<b>Cash flows from financing activities</b>			
Advances from group undertakings		6 646 253	11 572 932
Repayment of borrowings		(656 444)	(437 500)
<b>Net cash generated from financing activities</b>		<b>5 989 809</b>	<b>11 135 432</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>127 375</b>	<b>(157 907)</b>
Cash cash equivalents and bank overdrafts at beginning of the year		(233 382)	(75 475)
<b>Cash cash equivalents and bank overdrafts at end of the year</b>	13	<b>(106 007)</b>	<b>(233 382)</b>

The notes on pages 10 to 29 are an integral part of these financial statements



# Notes to the financial statements for the year ended 30 September 2010

## 1 Accounting policies

### General information

The company's principal activity during the year was as described in the Directors' report. The financial statements are presented in sterling. Almac Sciences Limited is a private limited company incorporated and domiciled in Northern Ireland. The company's registered address is detailed on page 1.

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 the Companies Act 2006 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 certain critical accounting estimates. It also requires management to exercise its 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. The company's accounting policies and estimates are detailed below.

### New standards, amendments and interpretations effective in the year to 30 September 2010

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

International Accounting Standards (IASs/IFRSs)		Effective date
IFRS 1 (revised)	First time adoption of IFRS	1 January 2009
IFRS 1 (amendment)	First time adoption of IFRS	1 January 2009
IFRS 2 (amendment)	Share based payments	1 January 2009
IFRS 3 (revised)	Business combinations	1 July 2009
IFRS 7 (amendment)	Financial instruments: Disclosures	1 January 2009
IFRS 8	Operating segments	1 January 2009
IFRS 9	Financial instruments	1 January 2009
IAS 1 (revised)	Presentation of financial statements	1 January 2009
IAS 23 (revised)	Borrowing costs	1 January 2009
IAS 27 (revised)	Consolidated and separate financial statements	1 July 2009
IAS 32 (amendment)	Financial instruments: Presentation	1 January 2009

### International Financial Reporting Interpretation Committee (IFRIC) Interpretations

IFRIC 15	Agreements for construction of real estate	1 January 2009
IFRIC 17	Distribution of non-cash assets to owners	1 July 2009

The following standards are mandatory and applicable for the first time for the year beginning 1 October 2009; the remaining standards are not currently relevant to the company:

IFRS 3(revised) Business combinations – effective 1 July 2009. The revised standard continues to apply the acquisition method to business combinations but with some significant changes compared with IFRS 3. For example, all payments to purchase a business are recorded at fair value at acquisition date, with contingent payments classified as debt subsequently re-measured through the statement of comprehensive income. There is a choice on an acquisition by acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs are expensed. The company is aware of the changes to the standard and will apply these prospectively.

## Notes to the financial statements for the year ended 30 September 2010

### 1 Accounting policies (continued)

#### New standards amendments and interpretations effective in the year to 30 September 2010 (continued)

IFRS 7 (amendment) Financial instruments Disclosures – effective 1 January 2009 The amendment requires enhanced disclosures about fair value measurement and liquidity risk In particular the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy The company has applied this previously and no changes have been considered necessary to the presentation or disclosure of financial instruments

IAS 1 (revised) Presentation of financial statements – effective 1 January 2009 The revised standard prohibits the presentation of items of income and expenses (that is non owner changes in equity) in the statement of changes in equity requiring non owner changes in equity to be presented separately from owner changes in equity in a statement of comprehensive income As a result the company will present in the statement of changes in equity all owner changes in equity whereas all non owner changes in equity will be presented in the statement of comprehensive income As the changes in accounting policy will only impact presentation aspects there will be no impact on the company's results

IAS 23 (revised) Borrowing costs – effective 1 January 2009 This revised standard results from a joint short term convergence project with the FASB It requires an entity to capitalise borrowing costs directly attributable to the acquisition construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset The option of immediately expensing those borrowing costs has been removed This treatment is consistent with prior policy and has no impact on company's accounting policies

#### 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)

		Effective date
International Accounting Standards (IASs/IFRSs)		
IFRS 1 (amendment)	First time adoption of IFRS	1 January 2010
IFRS 1 (amendment)	First time adoption of IFRS – additional exemptions	1 July 2010
IFRS 2 (amendment)	Share based payments – Group cash settled share based payment transactions	1 January 2010
IFRS 7 (amendment)	Financial instruments – Disclosures on derecognition	1 January 2011
IAS 1 (amendment)	Presentation of financial statements	1 January 2010
IAS 24 (revised)	Borrowing costs	1 January 2011
IAS 32 (amendment)	Financial instruments – Presentation	1 February 2010

#### International Financial Reporting Interpretation Committee (IFRIC) Interpretations

IFRIC 14	IAS 19 – Prepayments of a minimum funding requirement	1 January 2011
IFRIC 18	Transfer of assets from customers	31 October 2010
IFRIC 19	Extinguishing financial liabilities with equity instruments	1 January 2010

The directors do not anticipate that the adoption of these standards and interpretations will have a material impact on the recognition or measurement of the company's financial statements in the period of initial application However the following standards and interpretations impact on the presentation of the financial statements

IAS 1 (amendment) Presentation of financial statements – effective 1 January 2010 The amendment is part of the IASB's annual improvements project published in April 2009 The amendment provides clarification that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non current By amending the definition of current liability the amendment permits a liability to be classified as non current (provided the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time The company will apply IAS 1 (amendment) from 1 October 2010 It is not expected to have a material impact on the company's financial statements

## **Notes to the financial statements for the year ended 30 September 2010**

### **1 Accounting policies (continued)**

**Standards amendments and interpretations that are not yet effective and have not been adopted early by the company (continued)**

IFRS 2 (amendment) Share based payments Group cash settled share based payment transactions effective from 1 January 2010 In addition to incorporating IFRIC 8 Scope of IFRS 2 and IFRIC 11 IFRS 2 – Group and treasury share transactions the amendments expand on the guidance in IFRIC 11 to address the classification of group arrangements that were not covered by that interpretation The company will apply IFRS 2 (amendment) from 1 January 2010 It is not expected to have a material impact on the company's financial statements

#### **Basis of consolidation**

The company has taken advantage of the exemption conferred under Companies Act 2006 s400 from preparing group financial statements The financial statements therefore present information about the company as an individual undertaking and not about its group

#### **Intangible assets**

##### *Computer software*

The costs of acquiring and bringing computer software in to 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 Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the company are recognised as intangible assets when the following criteria are met

- it is technically feasible to complete the software product so that it will be available for use
- management intends to complete the software product and use or sell it
- there is an ability to use or sell the software product
- it can be demonstrated how the software product will generate probable future economic benefits
- adequate technical financial and other resources to complete the development and to use or sell the software product are available and
- the expenditure attributable to the software product during its development can be reliably measured

##### *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 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

#### **Property plant and equipment**

Property plant and equipment is stated at historical cost less depreciation Historical cost includes expenditure that is directly attributable to the acquisition of the items Subsequent costs are included in the asset's carrying amount or recognised as a separate asset as appropriate only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably The carrying amount of the replaced part is derecognised All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred

# Notes to the financial statements for the year ended 30 September 2010

## 1 Accounting policies (continued)

### Property, plant and equipment (continued)

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:

	%
Freehold buildings	2
Plant and machinery	10
Fixtures and fittings	10
Computers	20
Motor vehicles	25

No depreciation is charged on land or the assets under construction. 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. Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are included within administrative expenses in the income statement.

### Investment in subsidiaries

Investments in subsidiaries are held as non-current assets and are recorded at cost, which is the fair value of the consideration paid.

### Financial assets

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

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 12 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 receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

### Cash and cash equivalents

In the cash flow statement, 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.

**Notes to the financial statements for the year ended 30 September 2010****1 Accounting policies (continued)****Trade and other payables**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

**Borrowings**

Borrowings are recognised initially at fair value, net of direct issue costs, and subsequently measured at amortised cost. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis to the income statement using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

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.

The company leases certain property, plant and equipment. Leases of property, plant and equipment where the company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful economic life of the asset and the lease term.

**Current and deferred income tax**

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the country where the company operates and generates taxable income. 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 consolidated 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 substantively 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 except where the timing of the reversal of the temporary difference is controlled by the company and it is probable that the temporary difference will not reverse in the foreseeable future.

**Notes to the financial statements for the year ended 30 September 2010****1 Accounting policies (continued)****Current and deferred income tax (continued)**

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis

**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 income and are credited to the income statement on a straight line basis over the expected useful economic lives of the related assets.

**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, as described above, are met.

**Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

**Revenue recognition**

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the company's activities. Revenue is shown net of sales taxes, 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 customer receipt 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 the 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 of each of the company's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in Sterling, which is the company's functional and presentation currency.

Foreign currency transactions are translated in the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within finance income or cost. All other foreign exchange gains and losses are presented in the income statement within administrative expenses.

# Notes to the financial statements for the year ended 30 September 2010

## 1 Accounting policies (continued)

### Pension obligations

The company operates a defined contribution plan for employees whereby the company pays contributions to publicly or privately administered pension insurance plans on a mandatory contractual or voluntary basis. The company has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

### Share based payments

The company issues cash settled phantom share based payments to certain employees of the company for their services to the company. The company accounts for these phantom share based payments as cash settled phantom share based payments which are measured at fair value and recognised as an expense in the income statement with a corresponding increase in liabilities. The fair values of these payments are measured at each reporting date using professional external valuers in line with the terms and conditions upon which the awards are granted. The fair value is recognised over the period during which employees become unconditionally entitled to the awards subject to the company's estimate of the number of awards which will lapse due to employees leaving the company prior to vesting. The total amount recognised in the income statement as an expense is adjusted to reflect the actual amount of awards that are expected to vest except where forfeiture is due to employee's termination of contract.

## 2 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 foreign exchange risk and interest rate risk), credit risk and liquidity risk. The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company by monitoring the foregoing risks.

#### (a) 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.

##### (i) Foreign exchange risk (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:

	2010		2009	
	Impact on post tax losses £ 000	Impact on equity £ 000	Impact on post tax losses £ 000	Impact on equity £ 000
US dollar weakens by 10% against GBP	(55)	(55)	(45)	(45)
US dollar strengthens by 10 % against GBP	+43	+43	+54	+54

**Notes to the financial statements for the year ended 30 September 2010**
**3 Financial risk management (continued)**
**(ii) 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 % with all other variables held constant, the financial statements would have been impacted as follows:

	2010		2009	
	Impact on post tax losses £ 000	Impact on equity £ 000	Impact on post tax losses £ 000	Impact on equity £ 000
Interest rates increase by 1 %	(151)	(151)	(79)	(79)
Interest rates decrease by 1 %	+151	+151	+79	+79

**(b) 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. Credit risk also arises from cash and cash equivalents with banks and financial institutions.

**(c) 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**

	2010 £	2009 £
Interest expense		
Interest payable to group undertakings	(579 924)	(248 678)
Other finance costs	(125 724)	(180 737)
Finance costs	(705 648)	(429 415)
Interest income		
Interest receivable on bank deposits		222
Interest receivable from group undertakings	11 410	3 566
Finance income	11 410	3 788
Finance costs - net	(694 238)	(425 627)



**Notes to the financial statements for the year ended 30 September 2010**

**6 Expenses by nature**

	2010	2009
	£	£
Employee benefit expense (note 7)	7 621 666	8 369 471
Depreciation and amortisation	2 678 126	2 587 758
Operating lease payments	156 553	163 590
Transfer from capital grant reserve	(841 009)	(840 115)
Revenue grants	(42 433)	
Research and development expenditure	414 817	16 907
Other expenses	6 474 439	7 654 280
<b>Total cost of sales distribution costs administrative expenses and research and development expenditure</b>	<b>16 462,159</b>	<b>17 951 891</b>

**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

	2010	2009
	£	£
Fees payable to the company's auditor for the audit	8 335	7 750
Fees payable to company's auditor and its associates for other services		
other services pursuant to legislation	2 695	2 800
tax services	2 625	2 790

**7 Employees and directors**

	2010	2009
	£	£
<b>Staff costs during the year</b>		
Wages and salaries	6 433 455	7 149 765
Social security costs	630 064	699 683
Pension costs – defined contribution plans	254 349	255 221
Shared based payment costs	303 798	264 802
	<b>7 621 666</b>	<b>8 369 471</b>

	2010	2009
	Number	Number
<b>Average monthly number of persons employed (including directors) during the year by activity</b>		
Operations	173	190
Administration	15	26
	<b>188</b>	<b>216</b>

Notes to the financial statements for the year ended 30 September 2010

7 Employees and directors (continued)

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

	2010	2009
Directors	£	£
Wages and salaries	227 267	210 577
Pension costs – defined contribution plans	24 237	17 638

One director (2009 one) has retirement benefits accruing under a money purchase scheme One director (2009 one) has exercised phantom share options in the year

	2010	2009
Highest paid director	£	£
Wages and salaries	227 267	210 577
Pension costs – defined contribution plans	24 237	17 638

8 Income tax

	2010	2009
	£	£
<b>Current tax</b>		
Group relief receivable current year	2 820 299	3 373 867
adjustments in respect of previous period	591 600	
<b>Total current tax</b>	<b>3 411 899</b>	<b>3 373 867</b>
<b>Deferred tax</b>		
Origination and reversal of temporary difference	(536,112)	664 537
Changes in tax laws and rates	(7 397)	
Adjustments in respect of previous period	512 932	(664 537)
<b>Total deferred tax</b>	<b>(30 577)</b>	
<b>Income tax</b>	<b>3 381 322</b>	<b>3 373 867</b>

The tax on the company's loss before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to the loss of the company as follows

	2010	2009
	£	£
Loss before income tax	(5 733 175)	(9 322 685)
Loss before income tax at the UK standard rate of 28% (2009 28%)	(1 605 289)	(2 610 351)
Effects of		
Expenses not deductible for tax purposes	251 816	258 485
Income not subject to tax	(229 700)	(146 067)
Enhanced research and development expenditure	(445 674)	(1 107)
Adjustments in respect of prior period	(1 104 532)	(664 537)
Deferred tax not recognised		24 942
Capital grants not taxable	(235 483)	(235 232)
Changes in tax laws and rates	(12 460)	
<b>Income tax expense</b>	<b>(3 381 322)</b>	<b>(3 373 867)</b>

**Notes to the financial statements for the year ended 30 September 2010**

**8 Income tax (continued)**

**Factors affecting future tax charges**

During the year as a result of the change in the UK main corporation tax rate from 28 % to 27 % that was substantively enacted on 20 July 2010 and that will be effective from 1 April 2011 the relevant deferred tax balances have been re measured

Further reductions to the UK corporation tax rate were announced in the June 2010 Budget The changes which are expected to be enacted separately each year propose to reduce the rate by 1 % per annum to 24 % by 1 April 2014 The changes had not been substantively enacted at the balance sheet date and therefore are not recognised in these financial statements

**9 Intangible assets**

	<b>Computer software £</b>	<b>Goodwill £</b>	<b>Total £</b>
<b>Cost</b>			
At 1 October 2008	476 358	450 000	926 358
Additions	118 679		118 679
At 1 October 2009	595 037	450 000	1 045 037
Additions	418 350		418 350
<b>At 30 September 2010</b>	<b>1 013 387</b>	<b>450 000</b>	<b>1 463 387</b>
<b>Accumulated amortisation</b>			
At 1 October 2008	134 285	450 000	584 285
Charge for the year	98 655		98 655
At 1 October 2009	232 940	450 000	682 940
Charge for the year	168 034		168 034
<b>At 30 September 2010</b>	<b>400 974</b>	<b>450 000</b>	<b>850 974</b>
<b>Net book amount</b>			
<b>At 30 September 2010</b>	<b>612 413</b>		<b>612 413</b>
At 30 September 2009	362 097		362 097

Amortisation is included within administrative expenses in the income statement

**Notes to the financial statements for the year ended 30 September 2010**

**10 Property, plant and equipment**

	Freehold land and buildings £	Plant and machinery £	Fixtures and fittings £	Computers £	Motor vehicles £	Total £
<b>Cost</b>						
At 1 October 2008	45 253 620	14 040 016	2 073 479	1 132 530	26 675	62 526 320
Reclassification	(119 400)	113 546		5 854		
Additions		531 145	81 453	32 166		644 764
At 1 October 2009	45 134 220	14 684 707	2 154 932	1 170 550	26 675	63 171 084
Transfer from related parties		89 379				89 379
Additions		296 023	678 003	27 203		1 001 229
<b>At 30 September 2010</b>	<b>45 134 220</b>	<b>15 070 109</b>	<b>2 832 935</b>	<b>1 197 753</b>	<b>26 675</b>	<b>64 261 692</b>
<b>Accumulated depreciation</b>						
At 1 October 2008	4 797 145	7 045 788	1 547 084	996 042	23 441	14 409 500
Reclassification		(2 135)		2 135		
Charge for the year	830 018	1 445 120	130 152	80 579	3 234	2 489 103
At 1 October 2009	5 627 163	8 488 773	1 677 236	1 078 756	26 675	16 898 603
Transfer from related parties		52 883				52 883
Charge for the year	830 416	1 451 904	157 379	70 393		2 510 092
<b>At 30 September 2010</b>	<b>6 457 579</b>	<b>9 993 560</b>	<b>1 834 615</b>	<b>1 149 149</b>	<b>26 675</b>	<b>19 461 578</b>
<b>Net book amount</b>						
<b>At 30 September 2010</b>	<b>38 676 641</b>	<b>5 076 549</b>	<b>998 320</b>	<b>48 604</b>		<b>44 800 114</b>
At 30 September 2009	39 507 057	6 195 934	477 696	91 794		46 272 481

Depreciation is included within administrative expenses in the income statement

Borrowings are secured against buildings above (note 16)

**11 Investment in subsidiaries**

	£
<b>Cost</b>	
At 1 October 2008 at 30 September 2009 and at 30 September 2010	<b>1</b>

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 2010 the aggregate capital and reserves of Syngal Limited were £2

**Notes to the financial statements for the year ended 30 September 2010**
**12 Trade and other receivables**

	2010	2009
	£	£
Trade receivables	1 291 231	1 338 924
Less provision for impairment of trade receivables	(287 367)	(100 740)
Trade receivables (net)	1 003 864	1 238 184
Amounts owed by group undertakings	4 701 699	3 821 028
Amounts owed by other related parties	3 741 217	3 200 237
Group relief receivable	2 820 299	3 373 867
Other receivables	60 457	41 034
Prepayments and accrued income	94 050	77 739
	12 421 586	11 752 089

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

	2010	2009
	£	£
<b>Currency</b>		
GBP	11 664 443	10 842 309
US dollar	493 562	490 078
Euro	263 581	419 702
	12 421 586	11 752 089

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

Trade receivables impaired and the amount of the impairment provision at 30 September 2010 was £287 367 (2009 £100 740). 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

	2010	2009
	£	£
At 1 October	100 740	178 843
Exchange adjustment	(3 144)	7 016
Provision for receivables impairment	198 123	74 504
Receivables written off in the year as uncollectable	(1 355)	(55 124)
Unused amounts reversed	(6 997)	(104 499)
At 30 September	287 367	100 740

**Notes to the financial statements for the year ended 30 September 2010**

**12 Trade and other receivables (continued)**

As of 30 September 2010 trade receivables of £143 824 (2009 £100 618) 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:

	2010	2009
	£	£
Up to 2 months overdue	40 190	73 597
More than 2 months overdue	103 634	27 021
	<b>143 824</b>	<b>100 618</b>

None of these trade debtors that are neither past due nor impaired have had their terms renegotiated.

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

**13 Cash and cash equivalents**

	2010	2009
	£	£
Cash at bank and in hand	<b>1 919</b>	<b>1 136</b>

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

	2010	2009
	£	£
Cash and cash equivalents	<b>1 919</b>	<b>1 136</b>
Bank overdrafts (note 16)	<b>(107 926)</b>	<b>(234 518)</b>
	<b>(106 007)</b>	<b>(233 382)</b>

**14 Trade and other payables**

	2010	2009
	£	£
Trade payables	<b>251 107</b>	<b>256 513</b>
Amounts owed to group undertakings	<b>34 096 406</b>	<b>30 824 020</b>
Amounts owed to other related parties	<b>61 453</b>	<b>9 663</b>
Amounts owed to director		<b>73 111</b>
Other tax and social security	<b>173 845</b>	<b>193 907</b>
Other creditors	<b>48 511</b>	<b>53 787</b>
Accruals	<b>1 814 189</b>	<b>1 757 653</b>
	<b>36 445 511</b>	<b>33 168 654</b>

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

There is no difference between the amounts shown above and the total contractual undiscounted cash flows of trade and other payables.

**Notes to the financial statements for the year ended 30 September 2010**

**15 Other non current liabilities**

	2010	2009
	£	£
Accruals	916 514	887 530

**Maturity of other non current liabilities**

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

	2010	2009
	£	£
In more than one year but not more than two years	271 799	276 855
In more than two years but not more than five years	644 715	610 675
	916 514	887 530

There is no difference between the amounts shown above and the total contractual undiscounted cash flows of other non current liabilities

**16 Borrowings**

	2010	2009
	£	£
<b>Current</b>		
Bank overdraft	107 926	234 518
Other loans	729 165	729 165
	837 091	963 683

	2010	2009
	£	£
<b>Non current</b>		
Other loans	1 458 335	2 041 668

£2 187 500 (2009 £2 770 833) of the above loans is repayable by 32 quarterly instalments which commenced in 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.

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

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

	2010	2009
	/	/
Bank overdrafts	3.70	3.70
Fixed rate loans	5.68	5.68

**Notes to the financial statements for the year ended 30 September 2010**

**16 Borrowings (continued)**

**Maturity of financial liabilities –**

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

	2010 £	2009 £
In more than one year but not more than two years	583 333	583 333
In more than two years but not more than five years	875 002	1 458 335
	<b>1 458 335</b>	<b>2 041 668</b>

The amounts included in the table below are the contractual undiscounted cash flows of current and non current borrowings

	Loans and bank overdrafts 2010 £	Loans and bank overdrafts 2009 £
Less than one year	1 027 501	1 194 717
In more than one year but not more than two years	698 078	731 484
In more than two years but not more than five years	984 482	1 682 560
	<b>2 710 061</b>	<b>3 608 761</b>

**17 Deferred income tax liabilities**

The gross movement on the deferred income tax account is as follows

	2010 £	2009 £
At 1 October		
Charged to the income statement	(30 577)	
At 30 September	<b>(30 577)</b>	

The movement in deferred income tax assets and liabilities during the year without taking into consideration the offsetting of balances within the same tax jurisdiction is as follows

Deferred tax assets/(liabilities)	Losses £	Accelerated tax depreciation £	Total £
At 1 October 2008	3 738 162	(3 738 162)	
Credited/(charged) to the income statement	359 872	(359 872)	
At 1 October 2009	4 098 034	(4 098 034)	
Credited/(charged) to the income statement	182 251	(212 828)	(30 577)
At 30 September 2010	<b>4 280 285</b>	<b>(4 310 862)</b>	<b>(30 577)</b>



**Notes to the financial statements for the year ended 30 September 2010**

**17 Deferred income tax liabilities (continued)**

The analysis of deferred income tax is as follows

	2010	2009
	£	£
Deferred tax assets		
to be recovered after more than 12 months	4 280 285	4 098 034
Deferred tax liabilities		
to be recovered after more than 12 months	(4 310 862)	(4 098 034)
<b>Deferred tax liabilities net</b>	<b>(30 577)</b>	

	2010	2009
	£	£
<b>Deferred tax asset not recognised</b>		
Accelerated capital allowances		156 073

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**

<b>Government grants</b>	<b>£</b>
At 1 October 2008	3 816 918
Released to the income statement	(840 115)
At 1 October 2009	2 976 803
Capital grants received during the year	14 598
Released to income statement	(841 009)
<b>At 30 September 2010</b>	<b>2 150 392</b>

**19 Called up share capital**

	2010	2009
	£	£
<b>Authorised</b>		
75 000 000 ordinary shares of £1 each	75 000 000	75 000 000
<b>Allotted and fully paid</b>		<b>£</b>
At 1 October 2008 at 30 September 2009 and at 30 September 2010		50 956 065

**Notes to the financial statements for the year ended 30 September 2010**
**20 Cash used in operations**

	2010 £	2009 £
Loss before income tax	(5 733 175)	(9 322 685)
<b>Adjustment for</b>		
Depreciation of property plant and equipment	2 510 092	2 489 103
Amortisation of intangible assets	168 034	98 655
Release of capital grant	(841 009)	(840 115)
Interest income	(11 410)	(3 788)
Interest expense	705 648	429 415
Movement in trade and other receivables	(631 465)	1 392 716
Movement in trade and other payables	169 617	(4 365 360)
<b>Net cash used in operations</b>	<b>(3 663 668)</b>	<b>(10 122 059)</b>

**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

	2010 £	2009 £
Defined contribution scheme	254 349	255 221

**22 Capital and other financial commitments**

	2010 £	2009 £
Contracts placed for future property plant and equipment expenditure not provided in the financial statements	192 000	1 058 000

**23 Operating lease commitments – minimum lease payments**

The future aggregate minimum lease payments under non cancellable operating leases are as follows

	Motor vehicles		Buildings	
	2010 £	2009 £	2010 £	2009 £
No later than one year	26 171	29 849	124 000	124 000
Later than one year and no later than five years	16 546	42 716	496 000	496 000
Later than five years			248 000	372 000
	<b>42 717</b>	<b>72 565</b>	<b>868 000</b>	<b>992 000</b>

**Notes to the financial statements for the year ended 30 September 2010**

**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 Share based payments**

The company operates a phantom share scheme whereby share awards are granted to directors and senior management employees. The share award is granted for nil consideration and is conditional on the director or employee continuing in employment for a period of three years from the date the share award is made, which is the first of January following the financial year end. The company accounts for these share awards as cash settled share based payments which are measured at fair value and recognised as an expense in the income statement with a corresponding increase in liabilities. The fair values of these payments are measured at each reporting date using professional external valuers in line with the terms and conditions upon which the awards are granted. The fair value is recognised over the period during which employees become unconditionally entitled to the awards, subject to the company's estimate of the number of awards which will lapse due to employees leaving the company prior to vesting. The total amount recognised in the income statement as an expense is adjusted to reflect the actual amount of awards that are expected to vest, except where forfeiture is due to employee's termination of contract.

Share awards are exercisable from the first of January, three years following the award date. The share award is exercisable at the share price as determined by professional qualified valuers at the end of financial year when share is exercisable and all share awards are cash settled.

The fair value of each share award granted and the assumptions used in the calculation are as follows:

Grant date	September 2010	September 2009
Share price at grant date	0.545	£0.471
Exercise price at grant date		
Number of employees	19	20
Share awards	355,919	410,141
Vesting period (years)	4	4
Option life (years)	4	4
Expected life (years)	4	4
Dividend yield	Nil	Nil
Risk free interest rate	5.0%	4.5%
Fair value	£0.545	£0.471

The weighted average fair value of share awards granted during the year determined using the Black Scholes valuation model was £0.545 (2009: £0.471). The significant inputs into the model were the share price at grant date, exercise price, dividend yield, risk free interest rate and expected option life as shown above.



**Notes to the financial statements for the year ended 30 September 2010**

**25 Share based payments (continued)**

Movements in the number of share awards outstanding are as follows

	<b>2010</b>	<b>2009</b>
	<b>Number</b>	<b>Number</b>
Outstanding at 1 October	<b>1 066 025</b>	<b>1 180 435</b>
Granted	<b>355 919</b>	<b>410 141</b>
Forfeited	<b>(8 876)</b>	<b>(203 355)</b>
Exercised	<b>(336 853)</b>	<b>(321 196)</b>
Outstanding at 30 September	<b>1 076 215</b>	<b>1 066 025</b>
Exercisable on 1 January 2011/2010	<b>372 406</b>	<b>336 853</b>

The weighted average share price of share awards exercised in the year was £0 545 (2009 £0 471)

Share awards outstanding at the end of the year have the following expiry dates

	<b>2010</b>	<b>2009</b>
	<b>Number</b>	<b>Number</b>
2010		<b>351 720</b>
2011	<b>387 273</b>	<b>372 406</b>
2012	<b>341 899</b>	<b>341 899</b>
2013	<b>347 043</b>	

The total expense recognised in the income statement was £303 798 (2009 £264 802)

**26 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

At the balance sheet date the ultimate controlling party was Dr Sir Allen McClay Sir Allen passed away on 12 January 2010 Pending a grant of probate being issued and the administration of Sir Allen's Estate his shareholding is controlled by the executors of his will

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

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Sales to related parties	<b>2 269 854</b>	<b>1 053 966</b>
Purchases from related parties	<b>163 256</b>	<b>188 189</b>
Management charge	<b>2 323 586</b>	<b>2 443 222</b>

Details of amounts owed by and to related parties are disclosed in notes 12 and 14 respectively

Details of interest payable and receivable on balances held with related parties are disclosed in note 5