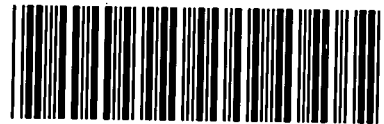


Almac Group Limited
Annual report and financial statements
for the year ended 30 September 2016

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Almac Group Limited

Annual report and financial statements for the year ended 30 September 2016

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Directors and advisers

Directors

A D Armstrong
C Hayburn
J W Irvine (resigned 22 August 2016)
S Campbell
K Stephens

Company secretary

C Hayburn

Registered office

Almac House
20 Seagoe Industrial Estate
Craigavon
BT63 5QD

Solicitors

Pinsent Masons LLP
Arnott House
12-16 Bridge Street
Belfast
BT1 1LS

Bankers

Danske Bank
Donegall Square West
Belfast
BT1 6JS

Bank of America
100 Federal Street
Boston
MA 02110
United States of America

Wells Fargo Bank N.A.
Meetinghouse Business Center
2240 Butler Pike
Plymouth Meeting
PA 19462
United States of America

Independent auditors

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

Group strategic report for the year ended 30 September 2016

The directors present their strategic report for the group and the parent company for the year ended 30 September 2016.

Principal activities and review of the business

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

The parent company is a holding investment company and it also provides significant operational and other support functions to the Almac group of companies.

The activities of the group extend from drug discovery through all areas of clinical trials to the commercialisation of pharmaceutical products. The group provides world-class integrated research and development support and an unparalleled range of services to customers, including the market leaders, within the pharmaceutical and biotechnology sectors.

The group's strategy is to create shareholder value by investing for the long term and by positioning the group to be the leader in its chosen markets. The performance for the year under review reflects further sustained progress towards achieving this long term objective and at the same time maintaining the group's strong balance sheet.

Performance and position

The group's profit before income tax for the year is £26,785,268 (2015:£27,977,053). The Group's profit after tax is £14,667,216 (2015:£22,619,336) which is stated after an exceptional income tax expense of £5,053,454 (£nil) arising on the de-recognition of certain deferred tax assets across the group. Profit after tax before this de-recognition charge is £19,720,669 (2015: £22,619,336) Net assets of the Group are £355,322,294 (2015:£318,736,263)

In 2015 the Group benefitted from \$20M in upfront and other payments relating to out licensing of oncology products and diagnostic tests which had been developed in-house by the Group. These payments were included in revenue most of which also positively impacted the profit before tax figure. During 2016 the Group received no such payments, but the higher revenue figure in 2016 enabled the Group to achieve a profit before tax figure which was quite similar to the previous year.

During the year ended 30 September 2016, the group continued to invest in both focused research and development programmes and capital to facilitate further improvement in the services provided to its customers.

The Board are confident that the investment programme currently being implemented will lead to results in line with the stated objective of creating long term shareholder value.

Key performance indicators ("KPIs")

The directors consider that, given the nature of the group's operations, the KPIs are growth in revenue, earnings before interest, tax, depreciation, amortisation and research and development expenditure ("EBITDA before research and development expenditure") and employee numbers. These are reviewed on a regular basis within the operating companies.

	2016	2015
Growth in revenue	+14%	+15%
EBITDA before research and development expenditure	55,257,350	56,490,233
Employee numbers	3,975	3,554

Group strategic report for the year ended 30 September 2016

Principal risks and uncertainties

The management of the business and the execution of the group's strategy are subject to a number of risks; the principal issues are discussed below:

Competition

The group operates in competitive global markets and aims to provide excellent products and services at competitive prices. These factors are continually reviewed in each business to ensure appropriate margins are being realised and that the quality of service and products is of the highest standard and consistently improving. Quality systems are maintained according to current good manufacturing practice and international quality standards.

Performance is affected by market pressure to reduce prices, together with the increasing impact of low cost generics. The emergence of services provided from countries with low labour costs is also a major competitive factor in the marketplace.

Employees

The group's performance is largely dependent on its staff and therefore the reliance on key individuals together with the continuing ability to attract people with relevant experience and skills are important factors in ensuring the success of the group. To mitigate these risks, the group has training, learning and development programmes in place and has implemented a number of incentive schemes linked to the group's performance that are designed to retain key individuals and provide attractive long-term career opportunities.

Supply chain

Other risks faced are product availability and the fluctuation in prices of both raw materials and consumables. The security of product supply is monitored by the businesses on an ongoing basis with regular reviews of such key factors as supplier financial strength, product quality and service levels. The group's continual review of market prices provides some protection from the potentially adverse impact of volatility in raw material prices.

Future developments

The group intends to continue its commitment to research and development and capital investment to provide innovative solutions and services to its customers.

There are many challenges facing the pharmaceutical and biotech markets with the introduction of new technologies and the emergence of new global competitors. The group believes it is well positioned to meet these future challenges and opportunities within this changing market place.

Environment

The group recognises its corporate responsibility to carry out its operations whilst ensuring that there is minimal environmental impact. The directors' continued aim is to comply with all applicable environmental legislation, prevent pollution and reduce waste wherever possible.

Health and safety

The group 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.

Group strategic report for the year ended 30 September 2016

Going concern

The directors have prepared cash flow forecasts for a period of at least twelve months from the date of signing this report and consequently have a reasonable expectation that the group has adequate financial resources to meet its operational needs for at least a period of twelve months from the date the financial statements are signed and therefore the going concern basis has been adopted in preparing the financial statements.

This report was approved by the board and signed on its behalf.



K Stephens

Director

15 December 2016

Directors' report for the year ended 30 September 2016

The directors present their annual report and the audited financial statements of the group and the parent company for the year ended 30 September 2016. A review of the business, position at the year end and future developments are detailed in the Group strategic report.

Financial risk management

The group's operations expose it to a variety of financial risks that include market risk (including price risk and interest rate risk), foreign exchange risk, credit risk and liquidity risk. The group 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 and ensuring that the balance sheet strength is maintained at all times.

Price risk

The group does not have a major exposure to commodity price risk as a result of its operations and is not exposed to equity securities price risk as it holds no listed investments.

Interest rate risk

The group's interest rate risk arises from borrowings which are a combination of overdrafts, bank borrowings, term loans, loans from related parties and finance lease liabilities. Interest bearing assets consist of short-term bank deposits. Borrowings at variable rates expose the group to cash flow interest rate risk. Borrowings at fixed rates expose the group to fair value interest rate risk. The group manages these risks by a mixture of variable interest rates on overdrafts, bank borrowings and loans from related parties linked to LIBOR or UK Bank of England base rate and fixed rate interest on the group's finance lease liabilities. The interest rates are monitored on a regular basis with reference to movements in global interest rates and the potential impact upon the group's cost of borrowing. Further commentary is provided in note 3.

Foreign exchange risk

Whilst the main part of the group's revenues and expenses are denominated in UK pounds sterling, the group is exposed to foreign exchange risk in the normal course of business, principally on sales in US dollars and investment in its overseas operations, principally in the USA. Group policy is to minimise the exposure of overseas subsidiaries to transaction risk by matching local currency income and costs. While the group has not used financial instruments to date to hedge foreign exchange exposure, this position is kept constantly under review.

Credit risk

The group 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 a limit, which is reassessed regularly by the Board. Credit risk also arises from cash and cash equivalents with banks and financial institutions. Banking arrangements are reviewed and regularly reassessed by the board.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Management monitors rolling forecasts of the group's liquidity reserve on the basis of expected cash flow. In addition, the group's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these; monitoring balance sheet liquidity ratios against internal and external regulatory requirements; and maintaining debt financing plans.

Dividends

The overriding objectives of the Almac Group are to:

- Strategically develop and expand a world class Group of companies operating in the Pharmaceutical and Biotech sectors; and
- Adhere to the healthcare objectives of the McClay Foundation, thereby protecting the legacy of the Group's Founder, Sir Allen McClay, and his vision for the Foundation and its charitable purposes.

Directors' report for the year ended 30 September 2016

Dividends (continued)

Those objectives are reflected in the Strategic Goals adopted by Almac which include, amongst others:

- remaining owned by The McClay Foundation;
- continuing Group wide innovation;
- achievement of best-in-class business offerings;
- maintaining and improving profit margins; and
- cultivating a desirable place to work.

In order to achieve its objectives and meet those Strategic Goals, Almac has developed ambitious Capital and Research and Development programmes requiring significant on-going investment in its trading subsidiaries and the R&D programmes they are engaged in. That investment is funded primarily by bank borrowings and the reinvestment of all profits generated from the Group's trading activities back into Almac and its subsidiaries. As a consequence, no dividends were paid during the year (2015 :£nil) and the directors do not recommend payment of a final dividend (2015 :£nil).

Research and development activities

The group is strongly committed to research and development activities in the areas of clinical diagnostics and drug discovery in order to secure and enhance its market position. Research expenditure in the year totalled £8,206,173 (2015: £5,377,286) and was expensed as incurred. This is stated before the deduction of £826,185 (2015: £814,601) of research and development tax credits. A further £1,628,591 (2015: £1,223,641) of research and development tax credits has been deducted from other expenses. No development expenditure was incurred during the year (2015: £nil).

Directors

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

Political donations

No donations for political purposes were made during the year (2015: £nil).

Employees

The group systematically provides employees with 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 group is encouraged, as achieving a common awareness on the part of all employees of the financial and economic factors affecting the group plays a major role in objectives.

The group 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 group gives full and fair consideration 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 group. If members of staff become disabled, where possible, the group 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 parent 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 parent company's auditors are aware of that information.

Directors' report for the year ended 30 September 2016

Independent auditors

The independent 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.

This report was approved by the board and signed on its behalf.



K Stephens

Director

15 December 2016

Statement of directors' responsibilities

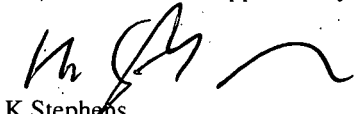
The directors are responsible for preparing the Strategic report and the Directors' report in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group financial statements in accordance with International Financial Reporting Standards (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 group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable 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 group's transactions and disclose with reasonable accuracy at any time the financial position of the group 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This statement was approved by the board and signed on its behalf.



K Stephens
Director

15 December 2016

Independent auditors' report to the members of Almac Group Limited**Report on the financial statements****Our opinion**

In our opinion:

- Almac Group Limited's group financial statements and parent company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the parent company's affairs as at 30 September 2016 and of the group's profit and the group's and the parent company's cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Annual report and financial statements (the "Annual report"), comprise:

- the group and parent company balance sheets as at 30 September 2016;
- the group income statement and statement of comprehensive income for the year then ended;
- the group and parent company cash flow statements for the year then ended;
- the group and parent company statements of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is IFRSs as adopted by the European Union and applicable law.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

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

Other matters on which we are required to report by exception**Adequacy of accounting records and information and explanations received**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Independent auditors' report to the members of Almac Group Limited (continued)**Responsibilities for the financial statements and the audit****Our responsibilities and those of the directors**

As explained more fully in the Statement of directors' responsibilities set out on page 8, 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 and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & 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 parent 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.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). 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 group's and the parent 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Kevin MacAllister (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Belfast
15 December 2016

Group income statement for the year ended 30 September 2016

	Note	2016 £	2015 £
Continuing operations			
Revenue	2	447,224,088	393,630,118
Cost of sales	5	(297,337,644)	(252,716,363)
Gross profit		149,886,444	140,913,755
Distribution costs	5	(19,675,912)	(16,259,011)
Administrative expenses	5	(95,755,861)	(90,985,394)
Research and development net expenditure	5	(7,379,988)	(4,562,685)
Operating profit		27,074,683	29,106,665
Operating profit is analysed as:			
EBITDA before research and development expenditure		55,257,350	56,490,233
Depreciation of property, plant and equipment		(13,960,737)	(12,696,973)
Amortisation of intangible assets		(6,841,942)	(10,123,910)
Research and development expenditure		(7,379,988)	(4,562,685)
Finance costs	6	(1,083,059)	(1,413,393)
Finance income	6	793,644	283,781
Finance costs – net	6	(289,415)	(1,129,612)
Profit before income tax		26,785,268	27,977,053
Income tax expense	8	(12,118,052)	(5,357,717)
Profit for the year attributable to owners of the parent		14,667,216	22,619,336

The notes on pages 18 to 54 are an integral part of these consolidated financial statements.

Group statement of comprehensive income for the year ended 30 September 2016

	2016 £	2015 £
Profit for the year attributable to owners of the parent	14,667,216	22,619,336
Other comprehensive income:		
Items that may be subsequently reclassified to profit or loss:		
Currency translation differences	21,918,815	7,781,398
Total comprehensive income for the year	36,586,031	30,400,734

The notes on pages 18 to 54 are an integral part of these consolidated financial statements.

Group and parent company statements of changes in equity for the year ended 30 September 2016

Attributable to owners of the parent

Group	Share capital £	Share premium £	Currency translation reserve £	Retained earnings £	Total equity £
At 1 October 2014	15,203,832	173,292,246	5,031,869	91,087,145	284,615,092
Comprehensive income					
Profit for the year	-	-	-	22,619,336	22,619,336
Other comprehensive expense					
Currency translation differences	-	-	7,781,398	-	7,781,398
Total comprehensive income	15,203,832	173,292,246	12,813,267	113,706,481	315,015,826
Transactions with owners					
Reduction in acquisition costs arising on the purchase of non-controlling interest	-	-	-	3,720,437	3,720,437
At 1 October 2015	15,203,832	173,292,246	12,813,267	117,426,918	318,736,263
Comprehensive income					
Profit for the year	-	-	-	14,667,216	14,667,216
Other comprehensive expense					
Currency translation differences	-	-	21,918,815	-	21,918,815
Total comprehensive income	-	-	21,918,815	14,667,216	36,586,031
At 30 September 2016	15,203,832	173,292,246	34,732,082	132,094,134	355,322,294

Company	Share capital £	Share premium £	(Accumulated losses)/ retained earnings £	Total equity £
At 1 October 2014	15,203,832	173,292,246	(6,628,577)	181,867,501
Comprehensive income - Profit for the year and total comprehensive income	-	-	1,648,926	1,648,926
At 1 October 2015	15,203,832	173,292,246	(4,979,651)	183,516,427
Comprehensive income - Profit for the year and total comprehensive income	-	-	7,795,156	7,795,156
At 30 September 2016	15,203,832	173,292,246	2,815,505	191,311,583

The notes on pages 18 to 54 are an integral part of these consolidated financial statements.

Group balance sheet as at 30 September 2016

	Note	2016 £	2015 £
Assets			
Non-current assets			
Property, plant and equipment	10	225,631,524	196,235,018
Goodwill	11	66,664,808	61,809,382
Other intangible assets	12	38,164,085	38,343,352
Deferred income tax asset	19	2,636,399	4,366,906
Total non-current assets		333,096,816	300,754,658
Current assets			
Inventories	14	21,846,093	17,109,963
Current income tax asset		-	85,426
Trade and other receivables	15	112,898,672	83,700,058
Cash and cash equivalents	16	30,682,837	35,475,008
Total current assets		165,427,602	136,370,455
Total assets		498,524,418	437,125,113
Equity and liabilities			
Liabilities			
Current liabilities			
Borrowings	17	7,260,221	12,426,241
Trade and other payables	18	83,587,736	61,410,917
Current income tax liabilities		2,626,246	2,201,768
Total current liabilities		93,474,203	76,038,926
Non-current liabilities			
Borrowings	17	17,080,564	15,387,007
Deferred income tax liabilities	19	8,927,119	6,469,136
Deferred income	20	14,853,741	14,493,518
Other non-current liabilities	21	8,866,497	6,000,263
Total non-current liabilities		49,727,921	42,349,924
Total liabilities		143,202,124	118,388,850
Equity attributable to owners of the parent			
Share capital	22	15,203,832	15,203,832
Share premium	22	173,292,246	173,292,246
Currency translation reserve		34,732,082	12,813,267
Retained earnings		132,094,134	117,426,918
Total equity		355,322,294	318,736,263
Total equity and liabilities		498,524,418	437,125,113

The notes on pages 18 to 54 are an integral part of these consolidated financial statements. The financial statements on pages 11 to 54 were authorised for issue by the Board of directors on 15 December 2016 and were signed on their behalf by:



A D Armstrong (Director)



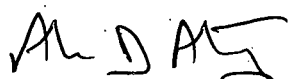
K Stephens (Director)

Registered number: NI 041551

Parent company balance sheet as at 30 September 2016

	Note	2016 £	2015 £
Assets			
Non-current assets			
Property, plant and equipment	10	7,715,185	5,804,903
Other intangible assets	12	1,558,461	1,639,058
Investments in subsidiaries	13	173,401,017	173,350,472
Deferred income tax assets	19	395,010	147,495
Total non-current assets		183,069,673	180,941,928
Current assets			
Trade and other receivables	15	216,276,163	173,524,425
Cash and cash equivalents	16	4,511,824	19,556,203
Total current assets		220,787,987	193,080,628
Total assets		403,857,660	374,022,556
Equity and liabilities			
Liabilities			
Current liabilities			
Borrowings	17	165,008,333	147,162,408
Trade and other payables	18	20,430,017	19,078,834
Current income tax liabilities		367,801	32,000
Total current liabilities		185,806,151	166,273,242
Non-current liabilities			
Borrowings	17	22,990,616	23,193,991
Deferred income	20	45,659	67,427
Other non-current liabilities	21	3,703,651	971,469
Total non-current liabilities		26,739,926	24,232,887
Total liabilities		212,546,077	190,506,129
Equity attributable to owners of the parent			
Share capital	22	15,203,832	15,203,832
Share premium	22	173,292,246	173,292,246
Retained earnings/(accumulated losses)		2,815,505	(4,979,651)
Total equity		191,311,583	183,516,427
Total equity and liabilities		403,857,660	374,022,556

The notes on pages 18 to 54 are an integral part of these financial statements. The financial statements on pages 11 to 54 were authorised for issue by the Board of directors on 15 December 2016 and were signed on their behalf by:



A D Armstrong (Director)



S Campbell (Director)

Registered Number NI041551

Group cash flow statement for the year ended 30 September 2016

	Note	2016 £	2015 £
Cash flows from operating activities			
Cash generated from operations	24	34,716,726	47,820,048
Finance costs		(1,083,059)	(1,413,397)
Income tax paid		(5,126,980)	(6,351,210)
Net cash generated from operating activities		28,506,687	40,055,441
Cash flows from investing activities			
Purchase of intangible assets		(5,162,979)	(4,685,540)
Purchase of property, plant and equipment		(26,839,667)	(12,008,954)
Capital grants received		1,936,896	2,075,217
Purchase of subsidiary (net of cash acquired)		(3,741,034)	-
Proceeds from disposal of property, plant and equipment		321,193	41,756
Finance income		28,024	283,785
Net cash used in investing activities		(33,457,567)	(14,293,736)
Cash flows from financing activities			
Finance lease principal payments		(180,204)	(1,318,635)
Proceeds from borrowings		849,419	-
Repayment of borrowings net of new loans received		(4,203,592)	(7,668,263)
Repayments to related parties (net)		(817,139)	(1,266,425)
Net cash used in financing activities		(4,351,516)	(10,253,323)
Effect of foreign exchange movement on cash and cash equivalents		3,523,045	-
Net (decrease)/increase in cash and cash equivalents		(5,779,351)	15,508,382
Cash, cash equivalents and overdrafts at beginning of the year		34,441,046	18,932,664
Cash, cash equivalents and overdrafts at end of the year	16	28,661,695	34,441,046

The notes on pages 18 to 54 are an integral part of these consolidated financial statements.

Parent company cash flow statement for the year ended 30 September 2016

	Note	2016 £	2015 £
Cash flows from operating activities			
Cash generated from operations	24	1,023,457	3,593,349
Finance costs		(4,950,583)	(4,758,932)
Income tax paid		(1,026,826)	(428,408)
Net cash used in operating activities		(4,953,952)	(1,593,991)
Cash flows from investing activities			
Purchase of property, plant and equipment		(2,874,177)	(916,797)
Proceeds on disposal of property, plant and equipment		83,056	-
Investment in subsidiary undertakings		(50,545)	-
Purchase of intangible assets		(651,711)	(891,429)
Finance income		16,406,848	7,506,161
Net cash generated from investing activities		12,913,471	5,697,935
Cash flows from financing activities			
New finance leases		815,091	-
Finance lease principal payments		(632,848)	(414,510)
Proceeds from borrowings		92,757	-
Repayment of borrowings		(3,189,370)	(5,833,261)
Advances (from)/to group undertakings - net		(19,732,388)	13,632,265
Repayments to related parties		(357,140)	(357,140)
Net cash (used in)/generated from financing activities		(23,003,898)	7,027,354
Net (decrease)/increase in cash and cash equivalents		(15,044,379)	11,131,298
Cash, cash equivalents and bank overdrafts at beginning of the year		19,556,203	8,424,905
Cash, cash equivalents and bank overdrafts at end of the year	16	4,511,824	19,556,203

The notes on pages 18 to 54 are an integral part of these consolidated financial statements.

Notes to the financial statements for the year ended 30 September 2016

1 Accounting policies

General information

The group's principal activities during the year extend from drug discovery through all areas of clinical trials to the commercialisation of pharmaceutical products. The financial statements are presented in UK pound sterling. The company is a private limited company incorporated and domiciled in Northern Ireland. The company's registered address is detailed on page 1. The financial statements were approved by the Board of directors on 15 December 2016.

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

Basis of preparation

These consolidated financial statements have been prepared on a going concern basis and in accordance with IFRS's 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 judgement in the process of applying the group's accounting policies. Management has concluded that there are no critical assumptions, estimates or judgements involving a high degree of judgement or complexity which require further disclosure. The group's accounting policies are detailed below.

New standards, amendments and interpretations effective in the year to 30 September 2016

The accounting policies set out below are those that the group has adopted under International Financial Reporting Standards as adopted by the European Union for the year ended 30 September 2016.

No standards have been adopted by the group for the first time during the financial year beginning on or after 1 October 2015 that have had a material impact on the group.

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

The following new standards, new interpretations, and amendments to standards and interpretations that are not yet effective and have not been adopted early by the group:

Amendment to IAS 1 (Presentation of financial statements) on disclosure initiative (1 January 2016)

Amendment to IAS 7 (Statement of cash flows) on disclosure initiative (1 January 2017)

Amendment to IAS 16 (Property, plant and equipment) and IAS 41 (Biological assets) regarding bearer plants (1 January 2016)

Amendment to IAS 16 (Property, plant and equipment) and IAS 38 (Intangible assets) on clarification of acceptable methods of depreciation and amortisation (1 January 2016)

Amendment to IAS 27 (Separate financial statements) (1 January 2016)

Amendment to IFRS 10 (Consolidated financial statements) and IAS 28 (Investments in associates) on sale or contribution of assets (to be determined)

Amendment to IAS 12 on recognition of deferred tax assets for unrealised losses (1 January 2017)

IFRS 9 (Financial instruments) and amendment to IFRS 9 (Financial instruments) on general hedge accounting (1 January 2018)

Amendment to IFRS 4 'Insurance contracts' regarding the implementation of IFRS 9, 'Financial instruments' (1 January 2018)

Amendment to IFRS 10 (Consolidated financial statements) and IAS 28 (Investments in associates) on investment entities applying the consolidation exemption (1 January 2016)

IFRS 14 (Regulatory deferral accounts) (1 January 2016)

IFRS 15 (Revenue from customers with contracts) and amendment to IAS 15 (Revenue from customers with contracts) (1 January 2018)

IFRS 16 (Leases) (1 January 2019)

Amendment to IFRS 2 (Share-based payment) on clarifying share-based payment transactions (1 January 2018)

Notes to the financial statements for the year ended 30 September 2016 (continued)**1 Accounting policies (continued)**

The introduction of these new standards, interpretations and amendments is not expected to have a material impact on the group.

Basis of consolidation**(a) Subsidiaries**

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement. Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary amounts reported by subsidiaries have been adjusted to conform with the group's accounting policies.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Disposal of subsidiaries

When the group ceases to have control any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Notes to the financial statements for the year ended 30 September 2016 (continued)

1 Accounting policies (continued)

Property, plant and equipment

Land and buildings comprise mainly offices, leasehold improvements and laboratories. Property, plant and equipment is stated at historical cost less accumulated 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 group 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.

No depreciation is charged on land, nor on assets in the course of construction until such time as they are brought into use. For all other assets depreciation is calculated 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, or the life of the project, whichever is earlier. The principal annual rates used are as follows:

	%
Buildings	2 - 12.5
Plant and machinery	10
Fixtures, fittings and computer equipment	10 - 25
Motor vehicles	25

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 disposals are determined by comparing the proceeds with the carrying amount and are recognised within administrative expenses in the income statement.

Capitalisation of finance costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Intangible assets*Goodwill*

Goodwill represents the excess of the cost of an acquisition over the fair value of the group'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.

Notes to the financial statements for the year ended 30 September 2016 (continued)**1 Accounting policies (continued)****Intangible assets (continued)***Computer software and software under development*

The costs of acquiring and bringing into use computer software are capitalised and amortised on a straight-line basis over the estimated useful economic life of the software which is between three to ten years.

Capitalised software development costs include external direct costs of material and services together with direct labour costs relating to software development. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group 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.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Product licences

Product licences acquired are capitalised and amortised over their useful economic life which is between one to twelve years. They are carried at historical cost less accumulated amortisation and impairment losses.

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.

Research and development tax credits

Under UK tax legislation introduced in the 2013 Finance Bill research and development credits can be claimed against qualifying research and development expenditure. Where these credits are not expected to be restricted by the PAYE/NI cap included within the legislation then the credit is, in substance, a government grant. The group has elected to treat such credits as a government grant and recognise the credits in the same period as the research and development expenditure arises.

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.

Notes to the financial statements for the year ended 30 September 2016 (continued)**1 Accounting policies (continued)****Financial assets**

The group classifies its financial assets in the following categories: loans and receivables and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of the group's financial assets at initial recognition.

(a) 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 end of the reporting period. These are classified as non-current assets. The group's loans and receivables comprise 'trade and other receivables' and cash and cash equivalents in the balance sheet. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

(b) Available-for-sale financial assets

Available-for sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period. Investments are initially recognised at fair value plus transaction costs. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets are subsequently carried at fair value.

Gains or losses arising from changes in the fair value of the 'financial assets' at fair value through profit or loss category are presented in the income statement within 'other (losses)/gains - net' in the period in which they arise.

Impairment of financial assets

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measureable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement.

Notes to the financial statements for the year ended 30 September 2016 (continued)**1 Accounting policies (continued)****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 countries where the group's subsidiaries operate and generate 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 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.

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.

Investments 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, less any provision for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of the business, less applicable variable selling expenses.

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 noncurrent 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 group statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, and bank overdrafts. In the group balance sheet, bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

Notes to the financial statements for the year ended 30 September 2016 (continued)**1 Accounting policies (continued)****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 group has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

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. Trade payables 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.

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 group leases certain property, plant and equipment. Leases of property, plant and equipment where the group has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at the lease's 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.

Grants

Grants are recognised at their fair value where there is a reasonable assurance that the grant will be received and the group 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.

Non-controlling interests

Losses applicable to a minority shareholder in a consolidated subsidiary are allocated against the majority interest except to the extent that the minority has a binding obligation, and is financially able to cover losses. If the subsidiary subsequently reports profits, such profits are allocated to the majority shareholders until the minority's share of losses previously absorbed by the majority has been recovered.

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.

Notes to the financial statements for the year ended 30 September 2016 (continued)**1 Accounting policies (continued)****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 group's activities. Revenue is shown, net of sales taxes, returns, rebates and discounts.

The group 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 group 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 group 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 group 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 group'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 UK pound sterling, which is the group's functional and presentation currency.

Foreign currency transactions are translated into 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.

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting currency translation differences are recognised as a separate component of equity in a currency translation reserve.

Employee benefit trust

The group's share of the assets of the Almac Employee Benefit Trust and the Almac Offshore Employee Benefit Trust, which are both employee benefit trusts, have been incorporated within the group's balance sheet under the appropriate asset categories.

Pension obligations

The group operates a defined contribution plan for employees whereby the group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The group 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.

Notes to the financial statements for the year ended 30 September 2016 (continued)

1 Accounting policies (continued)**Share-based payments**

The group issues cash-settled phantom share-based payments to certain employees of the company for their services to the group. The group 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 (within accruals). 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 group's estimate of the number of awards which will lapse due to employees leaving the group 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 group's principal activities carried out in the United Kingdom, the United States of America, Asia and the Republic of Ireland. No analysis of revenue is presented as the directors consider such disclosure to be seriously prejudicial to the group's and company's interests.

3 Financial risk management**Financial risk factors**

The group's operations expose it to a variety of financial risks that include price risk, interest rate risk, foreign exchange risk, credit risk and liquidity risk. The group 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.

(a) Market risk**(i) Price risk**

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

(ii) Interest rate risk

The group's interest rate risk arises from borrowings which are a combination of overdrafts, bank borrowings, term loans, loans from related parties and finance lease liabilities. Interest bearing assets consist of short-term bank deposits. Borrowings at variable rates expose the group to cash flow interest rate risk. Borrowings at fixed rates expose the group to fair value interest rate risk. The group manages these risks by a mixture of variable interest rates on overdrafts, bank borrowings and loans from related parties linked to LIBOR or UK Bank of England base rate and fixed rate interest on the group's finance lease liabilities. The interest rate is monitored on a regular basis with reference to movements in global interest rates and the potential impact upon the group's cost of borrowing.

If average interest rates over the year had increased/decreased by 1% with all other variables held constant, the financial statements would have been impacted as follows:

	2016		2015	
	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%	(290)	(290)	(405)	(405)
Interest rates decrease by 1%	+290	+290	+405	+405

Notes to the financial statements for the year ended 30 September 2016 (continued)

3 Financial risk management (continued)

(iii) Foreign exchange risk

While the greater part of the group's revenues and expenses are denominated in UK pound sterling, the group is exposed to foreign exchange risk in the normal course of business in its overseas operations, principally on sales in US dollars and in Euros. Group policy is to minimise the exposure of overseas subsidiaries to transaction risk by matching local currency income and costs. While the group has not used financial instruments to date to hedge foreign exchange exposure, this position is kept constantly under review.

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

	2016		2015	
	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 UK pound sterling	(2,062)	(2,062)	(2,382)	(2,382)
US dollar strengthens by 10% against UK pound sterling	2,520	2,520	2,911	2,911

The figures above reflect retranslation of the group's investment in foreign subsidiaries. The directors do not regard the group's foreign exchange exposure on sales in Euro as significant.

(b) Credit risk

The group 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 by the Board. Credit risk also arises from cash and cash equivalents with banks and financial institutions. Banking arrangements are reviewed and regularly reassessed by the board.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Management monitors rolling forecasts of the group's liquidity reserve (comprising undrawn borrowing facility and cash and cash equivalents) on the basis of expected cash flow. In addition, the group's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these; monitoring balance sheet liquidity ratios against internal and external regulatory requirements; and maintaining debt financing plans.

4 Capital risk management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns to shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (current and non-current) as shown in the group balance sheet less cash and cash equivalents. Total capital is calculated as equity as shown in the group balance sheet plus net debt.

Notes to the financial statements for the year ended 30 September 2016 (continued)

4 Capital risk management (continued)

The gearing ratios at 30 September were as follows:

Group	2016 £	2015 £
Total borrowings (note 17)	24,340,785	27,813,248
Less: cash and cash equivalents (note 16)	(30,682,837)	(35,475,008)
Net funds	(6,342,052)	(7,661,760)
Total equity	355,322,294	318,736,263
Total capital	348,980,242	311,074,503
Gearing ratio	(1.8%)	(2.5%)

The group's strategy is to maintain an appropriate mix of debt and equity consistent with fulfilling long-term growth plans.

5 Expenses by nature

Group	2016 £	2015 £
Changes in inventories of finished goods and work in progress	(3,816,357)	1,386,746
Raw materials and consumables used	126,975,191	109,804,426
Employee benefits expense - net of capitalised software development costs (note 7)	183,086,912	150,581,671
Depreciation and amortisation	20,802,679	22,820,883
Operating lease payments	4,584,448	3,820,781
Transfer from capital grant reserve (note 20)	(1,996,447)	(1,829,756)
Revenue grants	(2,042,157)	(2,166,875)
Loss on disposal of property, plant and equipment and intangibles	1,620	54
Other expenses*	92,553,516	80,105,523
Total cost of sales, distribution costs, administrative expenses and research and development expenditure	420,149,405	364,523,453

*Research and development expenditure of £7,379,988 (2015: £4,562,685) is included within other expenses and is stated after the deduction of £826,185 (2015: £814,601) of research and development tax credits. A further £1,628,591 (2015: £1,223,641) of research and development tax credits has been deducted from other expenses.

Services provided by the group and company's auditors and its associates

During the year the group (including its overseas subsidiaries) obtained the following services from the group's auditor and its associates:

Group	2016 £	2015 £
Fees payable to the group's auditors for the audit of parent company and consolidated financial statements	12,807	12,434
Fees payable to the group's auditors and its associates for other services:		
- the audit of the company's subsidiaries pursuant to legislation	191,813	171,424
- tax services	269,333	231,104
- other services	53,238	35,250

Notes to the financial statements for the year ended 30 September 2016 (continued)

6 Finance costs - net

Group	2016 £	2015 £
Interest expense:		
Interest payable on bank borrowings	(696,560)	(947,222)
Interest payable on related party loans	(60,345)	(86,212)
Interest payable on other loans	(55,244)	(45,630)
Interest payable on finance leases	(33,441)	(90,881)
Foreign exchange losses on financing activities	-	(65,840)
Other finance costs	(237,469)	(177,608)
Finance costs	(1,083,059)	(1,413,393)
Interest income:		
Interest receivable on bank deposits	28,024	17,369
Foreign exchange gains on financing activities	765,620	266,412
Finance income	793,644	283,781
Finance costs – net	(289,415)	(1,129,612)

7 Employees and directors

Group	2016 £	2015 £
Staff costs during the year:		
Wages and salaries (including capitalised software development costs)	163,381,196	134,432,790
Social security costs	14,572,182	11,311,018
Other pension costs (note 25)	4,411,928	3,699,071
Share based payment costs (note 29)	1,273,193	2,199,655
	183,638,499	151,642,534

The wages and salary costs includes £551,587 (2015: £1,060,863) of capitalised labour costs.

Group	2016 Number	2015 Number
Average monthly number of persons employed (including directors) during the year by activity:		
Production	3,099	2,762
Sales and marketing	145	133
Administration	665	610
Research and development	66	49
	3,975	3,554

Notes to the financial statements for the year ended 30 September 2016 (continued)

7 Employees and directors (continued)

Key management compensation

Group	2016 £	2015 £
Salaries and other short term employee benefits	2,059,566	2,384,020
Pension costs - defined contributions plans	125,852	151,766

The key management compensation given above includes directors and senior managers.

Directors	2016 £	2015 £
Aggregate emoluments	1,826,844	2,080,210
Pension costs - defined contributions plans	125,852	151,766

Five (2015: five) directors have retirement benefits accruing under a defined contribution plan. Five (2015: five) directors have exercised phantom share options in the year.

Highest paid director	2016 £	2015 £
Aggregate emoluments	516,758	587,263
Pension costs - defined contributions plans	14,985	50,529

The highest paid director exercised phantom share options in the year and during the previous year.

8 Income tax expense

	2016 £	2015 £
Current tax		
UK corporation tax	8,159,450	7,484,153
Overseas tax	260,546	-
Adjustment in respect of previous years	(290,472)	(1,723)
Total current tax expense	8,129,524	7,482,430
Deferred tax		
Origination and reversal of temporary differences	(452,568)	(2,076,811)
Impairment of deferred tax asset charged to the income statement	5,053,454	-
Changes in tax laws and rates	(647,581)	(13,328)
Adjustment in respect of previous years	35,223	(34,574)
Total deferred tax charge/(credit) (note 19)	3,988,528	(2,124,713)
Income tax expense	12,118,052	5,357,717

Notes to the financial statements for the year ended 30 September 2016 (continued)

8 Income tax expense (continued)

The tax on the group's profit before income tax differs from (2015: differs from) the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

	2016 £	2015 £
Profit before income tax	26,785,268	27,977,053
Profit before income tax at the UK standard rate of 20% (2015: 20.5%)	5,357,054	5,735,296
Effects of:		
Expenses not deductible for tax purposes	3,123,695	892,166
Income not taxable	(380,389)	(465,069)
Effect of overseas tax rates	(40,112)	(792,914)
Movement in deferred tax not provided	2,138,364	(74,195)
Group relief not paid	70,876	112,058
Adjustments in respect of previous periods - current tax	(290,472)	(1,723)
Adjustments in respect of previous periods - deferred tax	35,233	(34,574)
Changes in tax laws and rates	(647,581)	(13,328)
Impairment of deferred tax asset charged to the income statement	5,053,454	-
Utilisation of tax losses not previously recognised as a deferred tax asset	(2,269,880)	-
Accelerated capital allowances	(32,190)	-
Income tax expense	12,118,052	5,357,717

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 7 September 2016). These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

9 Profit for the year

The parent company has not presented its own income statement as permitted by Section 408 of the Companies Act 2006. The parent company's profit for the year was £7,795,156 (2015: £1,648,926).

Notes to the financial statements for the year ended 30 September 2016 (continued)

10 Property, plant and equipment

Group	Land and buildings £	Assets in the course of construction £	Plant and machinery £	Fixtures, fittings and computer equipment £	Motor vehicles £	Total £
Cost						
At 1 October 2014	178,207,988	23,751	64,553,235	31,062,583	309,846	274,157,403
Transfers	-	(23,751)	31,078	(7,327)	-	-
Additions	3,135,955	21,634	6,462,231	2,808,335	30,084	12,458,239
Disposals	-	-	(226,865)	(348,804)	-	(575,669)
Exchange adjustment	5,406,185	-	756,785	856,077	17,673	7,036,720
At 1 October 2015	186,750,128	21,634	71,576,464	34,370,864	357,603	293,076,693
Acquisitions	411,886	-	1,150,814	9,727	-	1,572,427
Transfers	(260,167)	(21,634)	13,498	268,303	-	-
Additions	2,047,319	10,907,450	9,226,539	6,062,044	38,131	28,281,483
Disposals	(247,540)	-	(410)	(148,346)	(46,697)	(442,993)
Exchange adjustment	13,867,621	-	2,285,896	2,223,964	42,042	18,419,523
At 30 September 2016	202,569,247	10,907,450	84,252,801	42,786,556	391,079	340,907,133
Accumulated depreciation and aggregate impairments						
At 1 October 2014	23,462,125	-	39,815,598	19,729,070	257,527	83,264,320
Charge for the year	4,402,938	-	5,006,247	3,267,532	20,256	12,696,973
Disposals	-	-	(185,228)	(348,633)	-	(533,861)
Exchange adjustment	487,749	-	365,374	545,128	15,992	1,414,243
At 1 October 2015	28,352,812	-	45,001,991	23,193,097	293,775	96,841,675
Charge for the year	4,903,948	-	5,705,694	3,328,660	22,435	13,960,737
Transfers	(45,592)	-	-	45,592	-	-
Disposals	(816)	-	(38)	(76,162)	(43,164)	(120,180)
Exchange adjustment	1,774,632	-	1,123,080	1,655,516	40,149	4,593,377
At 30 September 2016	34,984,984	-	51,830,727	28,146,703	313,195	115,275,609
Net book amount						
At 30 September 2016	167,584,263	10,907,450	32,422,074	14,639,853	77,884	225,631,524
At 30 September 2015	158,397,316	21,634	26,574,473	11,177,767	63,828	196,235,018
At 30 September 2014	154,745,863	23,751	24,737,637	11,333,513	52,319	190,893,083

Borrowings totalling £20,733,793 (2015: £24,145,779) are secured against the above assets (note 17).

Interest costs of £nil (2015: £nil) were capitalised during the year. Cumulative interest capitalised at 30 September 2016 was £1,082,549 (2015: £1,082,549).

Depreciation expense is included within administrative expenses in the income statement.

Notes to the financial statements for the year ended 30 September 2016 (continued)

10 Property, plant and equipment (continued)

Assets held under finance leases had the following net book amount:

Group	Plant and machinery £	Fixtures, fittings and computer equipment £	2016 Total £	2015 Total £
Cost	2,291,952	4,458,781	6,750,733	5,775,664
Accumulated depreciation	(935,635)	(2,823,229)	(3,758,864)	(2,650,942)
Net book amount	1,356,317	1,635,552	2,991,869	3,124,722

Company	Land and buildings £	Plant and machinery £	Fixtures, fittings and computer equipment £	Motor vehicles £	Total £
Cost					
At 1 October 2014	2,843,454	1,772,476	3,256,070	38,333	7,910,333
Transfers	-	(3,780)	3,780	-	-
Additions	88,001	81,690	1,190,211	5,180	1,365,082
Disposals	-	-	(348,265)	-	(348,265)
At 30 September 2015	2,931,455	1,850,386	4,101,796	43,513	8,927,150
Additions	959,799	21,200	1,882,203	10,975	2,874,177
Disposals	(20,410)	(410)	(72,000)	-	(92,820)
At 30 September 2016	3,870,844	1,871,176	5,911,999	54,488	11,708,507
Accumulated depreciation					
At 1 October 2014	115,295	969,696	1,658,666	35,720	2,779,377
Charge for the year	49,344	182,043	460,734	637	692,758
Disposals	-	(1,932)	(347,956)	-	(349,888)
At 30 September 2015	164,639	1,149,807	1,771,444	36,357	3,122,247
Charge for the year	48,887	177,784	642,940	2,318	871,929
Disposals	(816)	(38)	-	-	(854)
At 30 September 2016	212,710	1,327,553	2,414,384	38,675	3,993,322
Net book amount					
At 30 September 2016	3,658,134	543,623	3,497,615	15,813	7,715,185
At 30 September 2015	2,766,816	700,579	2,330,352	7,156	5,804,903
At 30 September 2014	2,728,159	802,780	1,597,404	2,613	5,130,956

Borrowings totalling £16,391,458 (2015: £19,305,828) are secured against the above assets (note 17).

Depreciation expense is included within administrative expenses in the income statement.

Notes to the financial statements for the year ended 30 September 2016 (continued)

10 Property, plant and equipment (continued)

Assets held under finance leases had the following net book amount:

Company	Fixtures, fittings and computer equipment 2016 £	Fixtures, fittings and computer equipment 2015 £
Cost	629,500	629,500
Accumulated depreciation	(354,925)	(229,025)
Net book amount	274,575	400,475

11 Goodwill

Group	£
Cost	
At 1 October 2014	64,956,665
Exchange adjustment	1,762,831
At 1 October 2015	66,719,496
On acquisition (note 30)	661,613
Exchange adjustment	4,193,813
At 30 September 2016	71,574,922
Accumulated amortisation and impairment	
At 1 October 2014, 1 October 2015 and 30 September 2016	4,910,114
Net book amount	
At 30 September 2016	66,664,808
At 30 September 2015	61,809,382
At 30 September 2014	60,046,551

Goodwill relates to the group's clinical services business. The group's clinical services business, together with the UK clinical services business in Almac Group (UK) Limited, is regarded as a cash-generating unit (CGU). The recoverable amount of a CGU is determined based on value in use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management and covering a five year period. Growth rates of 2 to 26% (2015: 2 to 26%) with a consistent gross margin were used for the five year period. Cash flows beyond the five year period are established using estimated growth rates of 2% (2015: 2%), which do not exceed the long term average growth rate for the industry in which the CGU operates. Management determined budgeted gross margins based on past performance and its expectations of market developments. The discount rate used of 11% (2015: 11%) is pre-tax and reflects specific risks relating to the group. There is sufficient headroom in the impairment calculation.

Notes to the financial statements for the year ended 30 September 2016 (continued)

12 Other intangible assets

Group	Product licences £	Computer software £	Software under development £	Total £
Cost				
At 1 October 2014	26,009,697	45,654,245	2,743,368	74,407,310
Additions	672,730	4,012,810	-	4,685,540
Transfers	-	2,943,215	(2,943,215)	-
Disposals	-	(143,982)	-	(143,982)
Exchange adjustment	217,603	816,147	199,847	1,233,597
At 1 October 2015	26,900,030	53,282,435	-	80,182,465
Additions	509,464	4,653,515	-	5,162,979
Exchange adjustment	523,682	2,590,764	-	3,114,446
At 30 September 2016	27,933,176	60,526,714	-	88,459,890
Accumulated amortisation				
At 1 October 2014	14,976,517	16,364,828	-	31,341,345
Amortisation in the year	4,944,538	5,179,372	-	10,123,910
Disposals	-	(143,982)	-	(143,982)
Exchange adjustment	27,297	490,543	-	517,840
At 1 October 2015	19,948,352	21,890,761	-	41,839,113
Amortisation in the year	1,105,321	5,736,621	-	6,841,942
Exchange adjustment	122,358	1,492,392	-	1,614,750
At 30 September 2016	21,176,031	29,119,774	-	50,295,805
Net book amount				
At 30 September 2016	6,757,145	31,406,940	-	38,164,085
At 30 September 2015	6,951,678	31,391,674	-	38,343,352
At 30 September 2014	11,033,180	29,289,417	2,743,368	43,065,965

Amortisation expense is included within administrative expenses in the income statement.

The transfer of assets represents software under development moving into computer software as the software is now fully developed and being amortised.

Notes to the financial statements for the year ended 30 September 2016 (continued)

12 Other intangible assets (continued)

Company	Computer software £
Cost	
At 1 October 2014	3,642,741
Additions	891,429
Disposals	(144,424)
At 1 October 2015	4,389,746
Additions	651,711
At 30 September 2016	5,041,457
Accumulated amortisation	
At 1 October 2014	2,219,130
Amortisation in the year	675,732
Transfers	(1,595)
Disposals	(142,579)
At 1 October 2015	2,750,688
Amortisation in the year	732,308
At 30 September 2016	3,482,996
Net book amount	
At 30 September 2016	1,558,461
At 30 September 2015	1,639,058
At 30 September 2014	1,423,611

Amortisation expense is included within administrative expenses in the income statement.

Notes to the financial statements for the year ended 30 September 2016 (continued)

13 Investments in subsidiaries

Company	£
Cost	
At 1 October 2014 and 1 October 2015	175,042,529
Additions	50,545
At 30 September 2016	175,093,074
Provisions for impairment	
At 1 October 2014, 1 October 2015 and 30 September 2016	1,692,057
Net book amount	
At 30 September 2016	173,401,017
At 30 September 2015	173,350,472
At 30 September 2014	173,350,472

Investments in subsidiary undertakings are recorded at cost, which is the fair value of the consideration paid, less any provisions for impairments. The subsidiaries of the group at 30 September 2016 were:

Name	Country of incorporation	Nature of business	Proportion of ordinary shares held by the parent	Proportion of ordinary shares held by the group
Almac Discovery Limited	Northern Ireland	Discovery and development of innovative approaches to the treatment of cancer	100%	100%
Almac Diagnostics Limited	Northern Ireland	Development of cancer diagnostics and microarray based data analysis	1%	99%
Almac Diagnostics LLC	United States of America	Development of cancer diagnostics and microarray based data analysis	0%	100%
Almac Sciences Limited	Northern Ireland	Provision of custom chemical synthesis services	0%	100%
Almac Sciences LLC	United States of America	Provision of custom chemical synthesis services	0%	100%
Almac Sciences (Scotland) Limited	Scotland	Provision of custom chemical synthesis services	0%	100%
Almac Clinical Services Limited	Northern Ireland	Provision of services to pharmaceutical and biotechnology companies	0%	100%
Almac Clinical Services LLC	United States of America	Provision of services to pharmaceutical and biotechnology companies	0%	100%
Almac Clinical Technologies LLC	United States of America	Management of clinical trials drug supply	0%	100%
Almac Clinical Technologies Limited	Northern Ireland	Management of clinical trials drug supply	0%	100%
Almac Pharma Services Limited	Northern Ireland	Manufacture of pharmaceutical products	0%	100%

Notes to the financial statements for the year ended 30 September 2016 (continued)

13 Investments in subsidiaries (continued)

Name	Country of incorporation	Nature of business	Proportion of ordinary shares held by the parent	Proportion of ordinary shares held by the group
Almac Pharma Services LLC	United States of America	Manufacture of pharmaceutical products	0%	100%
Galen Limited	Northern Ireland	Distribution and sale of pharmaceutical products	50%	100%
Almac Central Management LLC	United States of America	Central administrative services for the US group	0%	100%
Almac Pharmaceutical Services Pte Ltd	Singapore	Provision of services to pharmaceutical and biotechnology companies	0%	100%
Almac Pharmaceutical Services KK	Japan	Provision of services to pharmaceutical and biotechnology companies	0%	100%
Almac Group (Asia) Pte Ltd	Singapore	Holding company	100%	100%
Almac Group (UK) Limited	Northern Ireland	Holding company	100%	100%
Almac Group Incorporated	United States of America	Holding company	100%	100%
Almac Sciences Incorporated	United States of America	Dormant company	100%	100%
Almac (No. 2) Limited	Northern Ireland	Dormant company	100%	100%
Galen US Incorporated	United States of America	Distribution and sale of pharmaceutical products	0%	100%
Novis Pharma Limited	Northern Ireland	Dormant company	0%	100%
Napsco Limited	Northern Ireland	Dormant company	0%	100%
CTS Analytical Limited	Northern Ireland	Dormant company	0%	100%
Syngal Limited	Northern Ireland	Dormant company	0%	100%
Quchem Limited	Northern Ireland	Dormant company	0%	100%
Almac Diagnostics (2004) Limited	Northern Ireland	Dormant company	0%	100%
Almac Trustees Limited	Northern Ireland	Holding company	0%	100%
2007 Gal Limited	Northern Ireland	Dormant company	0%	100%
InterGal Pharma Limited	Northern Ireland	Dormant company	0%	100%
Almac (No. 1) Limited	Northern Ireland	Dormant company	0%	100%
Nelag Limited	Northern Ireland	Dormant company	0%	100%
Chargelink Limited	Great Britain	Dormant company	0%	100%
Galen Pharmaceuticals Limited	Great Britain	Dormant company	0%	100%
Galen Healthcare Limited	Great Britain	Dormant company	0%	100%
Galen Rhodes Limited	Great Britain	Dormant company	0%	100%
Galen Specialty Pharma US LLC	United States of America	Dormant company	0%	100%
Almac Realty Holdings LLC	United States of America	Holding company	0%	100%
Clinical Trial Services Incorporated	United States of America	Dormant company	0%	100%
Applied Clinical Concepts Incorporated	United States of America	Dormant company	0%	100%
Arran Chemical Company Limited	Republic of Ireland	Manufacture of pharmaceutical products	0%	100%
Ventureland Limited	Republic of Ireland	Dormant Company	0%	100%

Notes to the financial statements for the year ended 30 September 2016 (continued)

14 Inventories

Group	2016 £	2015 £
Raw materials	9,593,020	8,673,247
Work in progress	1,452,191	631,770
Finished goods	10,800,882	7,804,946
	21,846,093	17,109,963

The cost of inventories recognised as expense and included in cost of sales amounted to £123,158,834 (2015: £111,191,172).

15 Trade and other receivables

	Group		Company	
	2016 £	2015 £	2016 £	2015 £
Trade receivables	91,889,481	71,565,999	-	-
Less: provision for impairment of trade receivables	(1,336,348)	(1,410,982)	-	-
Trade receivables (net)	90,553,133	70,155,017	-	-
Amounts owed by group undertakings (note 31)	-	-	214,524,704	171,960,052
Other receivables	3,432,774	2,244,193	85,871	12,882
Prepayments and accrued income	18,912,765	11,300,848	1,665,588	1,551,491
	112,898,672	83,700,058	216,276,163	173,524,425

Trade receivables includes an amount of £4,674,516 (2015: £4,240,949) in respect of receivables subject to invoice discounting.

The fair values of trade and other receivables are not materially different from their carrying value. For the purposes of IFRS 7 "Financial instruments: Disclosures", all of the group's and parent company's financial assets are classified as loans and receivables or available-for-sale. The group and parent company have no assets that are classified as held at fair value through profit and loss, or held to maturity.

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

	Group		Company	
	2016 £	2015 £	2016 £	2015 £
Currency				
UK pound sterling	64,380,653	36,239,234	117,492,334	93,349,406
US dollar	43,465,930	43,001,681	98,783,829	80,175,019
Euro	5,052,089	4,459,143	-	-
	112,898,672	83,700,058	216,276,163	173,524,425

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

Trade receivables impaired and the amount of the impairment provision at 30 September 2016 was £1,336,348 (2015: £1,410,982). 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.

Notes to the financial statements for the year ended 30 September 2016 (continued)

15 Trade and other receivables (continued)

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

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
At 1 October	1,410,982	1,651,183	-	-
Exchange adjustment	127,292	78,617	-	-
Provision for receivables impairment	145,088	571,875	-	-
Receivables written off during the year as uncollectible	(140,012)	(195,531)	-	-
Unused amounts reversed	(207,002)	(695,162)	-	-
At 30 September	1,336,348	1,410,982	-	-

The creation and release of the provision for impaired receivables has been included in administrative expenses in the income statement.

As of 30 September 2016 trade receivables of £14,124,643 (2015: £11,714,362) were past due but not impaired. These and other trade receivables relate to a number of large multinational companies and public institutions for which there is little risk of default.

The aged analysis of these trade receivables is as follows:

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Up to two months overdue	11,533,266	9,594,644	-	-
More than two months overdue	2,591,377	2,119,718	-	-
	14,124,643	11,714,362	-	-

None of these trade receivables have had their terms re-negotiated. The other classes within trade and other receivables do not contain impaired assets.

16 Cash and cash equivalents

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Cash at bank and in hand	23,000,619	18,813,159	4,511,824	8,800,840
Short term deposits	7,682,218	16,661,849	-	10,755,363
	30,682,837	35,475,008	4,511,824	19,556,203

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

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Cash and cash equivalents	30,682,837	35,475,008	4,511,824	19,556,203
Bank overdrafts (note 17)	(2,021,143)	(1,033,963)	-	-
	28,661,694	34,441,045	4,511,824	19,556,203

Notes to the financial statements for the year ended 30 September 2016 (continued)

17 Borrowings

	Group		Company	
	2016	2015	2016	2015
Current	£	£	£	£
Bank overdrafts - secured (a)	2,021,143	1,033,963	-	-
Bank loans - secured (a)	3,510,405	9,481,393	3,116,559	6,668,389
Other loans - secured	355,487	-	92,757	-
Amounts owed to group undertakings (b) (note 31)	-	-	161,071,761	139,800,561
Amounts owed to related parties (c) (note 31)	817,140	817,139	357,140	357,140
Finance lease obligations (d)	556,046	1,093,746	370,116	336,318
	7,260,221	12,426,241	165,008,333	147,162,408

Bank loans and overdrafts includes an amount of £nil (2015: £nil) in respect of receivables subject to invoice discounting.

	Group		Company	
	2016	2015	2016	2015
Non-current	£	£	£	£
Bank loans - secured (a)	13,961,895	12,101,742	12,464,203	12,101,743
Other loans - secured	493,932	-	-	-
Amounts owed to group undertakings (b) (note 31)	-	-	9,017,865	9,375,005
Amounts owed to related parties (c) (note 31)	2,033,190	2,850,330	1,160,725	1,517,865
Finance lease obligations (d)	591,547	434,935	347,823	199,378
	17,080,564	15,387,007	22,990,616	23,193,991
Total borrowings	24,340,785	27,813,248	187,998,949	170,356,399

- (a) Bank loans consist of the following amounts which refer to loan agreements entered into in 2011 and amended in 2012, 2013 and 2016:

Group:

A loan of \$3.6m and an additional \$1.2m advanced in 2012. This loan is repayable over 28 quarters commencing September 2011 with a review after 5 years in June 2016 and interest is charged at LIBOR + margin. The review in June 2016 was completed and the remaining loan balance is repayable over 19 quarters commencing September 2016.

Group and parent company:

(i) A loan of \$46.3m. This loan is repayable over 28 quarters commencing September 2011 with a review after 5 years in June 2016 and interest is charged at LIBOR + margin. During 2014, \$16m was converted into a new sterling loan of £9.9m. The loan of £9.9m is repayable over 16 quarters commencing December 2013 with a review in June 2016 and interest is charged at LIBOR + margin. The reviews in June 2016 were completed and the remaining loan balances are repayable over 20 quarters.

(ii) A loan of £15.0m. This loan is repayable over 28 quarters commencing September 2011 with a review after 5 years in June 2016 and interest is charged at LIBOR + margin. The review in June 2016 was completed and the remaining loan balance is repayable over 20 quarters.

The above loans are secured against assets within the group.

- (b) Parent company: £160,714,621 (2015: £139,443,421) is owed to group undertakings. Interest is charged at LIBOR + margin, and the loans are repayable on demand.

£1,875,006 (2015: £2,232,145) is owed to the Almac Employee Benefit Trust. Interest is charged at UK base rate plus 1%. The loan is being repaid in quarterly instalments which commenced in March 2015. £7,500,000 (2015: £7,500,000) is owed to Galen Limited. Interest is charged at LIBOR plus a margin. The loan is being repaid in quarterly instalments which will commence in August 2018.

Notes to the financial statements for the year ended 30 September 2016 (continued)

17 Borrowings (continued)

- (c) Group: £1,332,465 (2015: £1,792,464) is owed to The McClay Foundation. Interest is charged at UK base rate plus 2.5%. This loan is repayable in annual instalments commencing November 2014.

Group and parent company: An additional amount of £1,517,865 (2015: £1,875,005) is owed to The McClay Foundation. Interest is charged at UK base rate plus 1%. The loan is being repaid in quarterly instalments from December 2014.

- (d) Finance leases are secured on the assets to which they relate.

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

For the purposes of IFRS 7 "Financial instruments: Disclosures", the financial liabilities noted above are classified as other financial liabilities. The group has no liabilities that may be classified as held at fair value through profit and loss.

The carrying amount of the group's and the parent company's borrowings is denominated in the following currencies:

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
UK pound sterling	13,922,451	13,603,406	159,686,641	147,190,718
US dollar	10,418,334	14,209,842	28,312,308	23,165,681
	24,340,785	27,813,248	187,998,949	170,356,399

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

	2016	2015
	%	%
Bank overdrafts	2.00 – 3.00	2.25 – 3.45
Variable rate loans	1.35 – 2.85	2.00 – 3.50
Fixed rate loans	2.00 – 5.68	2.00 – 5.68
Finance leases	0.00 – 13.50	0 – 13.50

Notes to the financial statements for the year ended 30 September 2016 (continued)

17 Borrowings (continued)

Maturity of financial liabilities

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

Group	Bank and other loans 2016 £	Amounts owed to related parties 2016 £	Finance lease obligations 2016 £	Total 2016 £
In more than one year but not more than two years	3,878,463	1,229,605	455,049	5,563,117
In more than two years but not more than five years	10,577,364	803,585	136,498	11,517,447
	14,455,827	2,033,190	591,547	17,080,564

Group	Bank and other loans 2015 £	Amounts owed to related parties 2015 £	Finance lease obligations 2015 £	Total 2015 £
In more than one year but not more than two years	7,005,479	817,140	316,329	8,138,948
In more than two years but not more than five years	5,096,263	1,943,925	118,606	7,158,794
In more than five years	-	89,265	-	89,265
	12,101,742	2,850,330	434,935	15,387,007

Company	Bank loans 2016 £	Amounts owed to group undertakings 2016 £	Amounts owed to related parties 2016 £	Finance lease obligations 2016 £	Total 2016 £
In more than one year but not more than two years	3,201,805	7,857,140	357,140	279,899	11,695,984
In more than two years but not more than five years	9,262,398	1,071,440	803,585	67,924	11,205,347
In more than five years	-	89,285	-	-	89,285
	12,464,203	9,017,865	1,160,725	347,823	22,990,616

Company	Bank loans 2015 £	Amounts owed to group undertakings 2015 £	Amounts owed to related parties 2015 £	Finance lease obligations 2015 £	Total 2015 £
In more than one year but not more than two years	7,005,480	357,140	357,140	191,176	7,910,936
In more than two years but not more than five years	5,096,263	8,571,420	1,071,460	8,202	14,747,345
In more than five years	-	446,445	89,265	-	535,710
	12,101,743	9,375,005	1,517,865	199,378	23,193,991

Notes to the financial statements for the year ended 30 September 2016 (continued)

17 Borrowings (continued)

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

Group	Bank loans, other loans and bank overdraft 2016 £	Amounts owed to related parties 2016 £	Finance lease obligations 2016 £	Total 2016 £
Less than one year	5,962,288	836,379	568,584	7,367,251
In more than one year but not more than two years	4,233,701	1,244,379	461,715	5,939,795
In more than two years but not more than five years	11,008,489	816,141	140,104	11,964,734
	21,204,478	2,896,899	1,170,403	25,271,780

Group	Bank loans, other loans and bank overdraft 2015 £	Amounts owed to related parties 2015 £	Finance lease obligations 2015 £	Total 2015 £
Less than one year	11,036,932	845,571	1,125,594	13,008,097
In more than one year but not more than two years	7,311,537	854,014	312,430	8,477,981
In more than two years but not more than five years	5,175,913	2,030,808	136,431	7,343,152
In more than five years	-	89,602	-	89,602
	23,524,382	3,819,995	1,574,455	28,918,832

Company	Bank loans and overdrafts 2016 £	Amounts owed to group undertakings 2016 £	Amounts owed to related parties 2016 £	Finance lease obligations 2016 £	Other loans 2016 £	Total 2016 £
Less than one year	3,501,965	161,092,406	374,438	370,116	95,216	165,434,141
In more than one year but not more than two years	3,502,989	8,970,440	369,973	279,899	-	13,123,301
In more than two years but not more than five years	9,638,700	1,093,199	816,141	67,924	-	11,615,964
In more than five years	-	89,285	-	-	-	89,285
	16,643,654	171,245,330	1,560,552	717,939	95,216	190,262,691

Notes to the financial statements for the year ended 30 September 2016 (continued)

17 Borrowings (continued)

Company	Bank loans and overdrafts 2015 £	Amounts owed to group undertakings 2015 £	Amounts owed to related parties 2015 £	Finance lease obligations 2015 £	Total 2015 £
Less than one year	7,194,208	139,832,044	383,265	341,777	147,751,294
In more than one year but not more than two years	7,311,537	383,266	377,908	193,636	8,266,347
In more than two years but not more than five years	5,175,914	9,090,138	1,101,621	8,202	15,375,875
In more than five years	-	451,480	89,602	-	541,082
	19,681,659	149,756,928	1,952,396	543,615	171,934,598

The minimum lease payments under finance leases fall due as follows:

	Group		Company	
	2016 £	2015 £	2016 £	2015 £
Not later than one year	568,584	1,125,594	370,116	341,777
Later than one year but not more than five years	601,819	448,861	347,823	201,838
	1,170,403	1,574,455	717,939	543,615
Future finance charges on finance leases	(22,811)	(45,774)	-	(7,919)
Present value of finance lease liabilities	1,147,592	1,528,681	717,939	535,696

18 Trade and other payables

	Group		Company	
	2016 £	2015 £	2016 £	2015 £
Trade payables	30,572,881	20,119,124	683,355	1,018,673
Amounts owed to group undertakings (note 31)	-	-	11,425,540	11,952,648
Group relief payable (note 31)	-	-	1,443,751	489,764
Other tax and social security	2,766,480	2,860,663	678,155	612,537
Other creditors	7,293,831	3,344,950	86,236	51,643
Accruals	42,954,544	35,086,180	6,112,980	4,953,569
	83,587,736	61,410,917	20,430,017	19,078,834

Included in accruals and deferred income is a provision of £1,733,948 (2015:£Nil) in respect of a potential medical claims incurred but not reported relating to the self-insured medical scheme in subsidiary companies. There was no such provision in the prior year as the scheme was implemented during the year.

The fair values of trade and other payables are not materially different from their carrying values as the impact of discounting is not significant. There is no material difference between the amounts shown above and the total contractual undiscounted cash flows of trade and other payables.

For the purposes of IFRS 7 "Financial instruments: Disclosures" the financial liabilities noted above are classified as other financial liabilities. The group and parent company have no liabilities that may be classified as held at fair value through profit and loss.

Notes to the financial statements for the year ended 30 September 2016 (continued)

19 Deferred income tax

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

Group	Assets		Liabilities		Total	
	2016	2015	2016	2015	2016	2015
	£	£	£	£	£	£
At 1 October	4,366,906	2,352,363	(6,469,136)	(6,626,884)	(2,102,230)	(4,274,521)
Exchange adjustment	76,124	-	(217,935)	47,578	(141,811)	47,578
On acquisition	-	-	(58,151)	-	(58,151)	-
(Charged)/credited to the income statement	(1,806,631)	2,014,543	(2,181,897)	110,170	(3,988,528)	2,124,713
At 30 September	2,636,399	4,366,906	(8,927,119)	(6,469,136)	(6,290,720)	(2,102,230)

Company	2016	2015
	£	£
At 1 October	147,495	96,241
Credited to the income statement	247,515	51,254
At 30 September	395,010	147,495

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:

Group - deferred tax (liabilities)/assets	Accelerated capital allowances £	Tax losses £	Other temporary differences £	Total £
At 1 October 2014	(22,567,274)	15,604,464	2,688,289	(4,274,521)
Credited/(charged) to the income statement	1,949,003	1,871,625	(1,695,915)	2,124,713
Exchange adjustments	47,578	-	-	47,578
At 1 October 2015	(20,570,693)	17,476,089	992,374	(2,102,230)
Credited/(charged) to the income statement	269,807	(5,332,193)	1,073,858	(3,988,528)
On acquisition	(58,151)	-	-	(58,151)
Exchange adjustments	(523,861)	301,199	80,851	(141,811)
At 30 September 2016	(20,882,898)	12,445,095	2,147,083	(6,290,720)

Within other temporary differences, £912,488 relates to employee benefits (2015: £1,440,732).

Company - deferred tax assets	Accelerated capital allowances £	Other temporary differences £	Total £
At 1 October 2014	(146,421)	242,662	96,241
Adjustments in respect of prior periods	-	(7,798)	(7,798)
(Charged)/credited to the income statement	(25,341)	84,393	59,052
At 1 October 2015	(171,762)	319,257	147,495
Adjustments in respect of prior periods	(12,678)	(48,026)	(60,704)
(Charged)/credited to the income statement	(14,130)	322,349	308,219
At 30 September 2016	(198,570)	593,580	395,010

Notes to the financial statements for the year ended 30 September 2016 (continued)

19 Deferred income tax (continued)

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Deferred tax assets:				
- to be recovered after more than 12 months	-	3,590,236	-	-
- to be recovered within 12 months	2,636,399	776,670	593,580	319,257
	2,636,399	4,366,906	593,580	319,257
Deferred tax liabilities:				
- to be recovered after more than 12 months	(1,197,924)	(6,469,136)	-	-
- to be recovered within 12 months	(7,729,195)	-	(198,570)	(171,762)
	(8,927,119)	(6,469,136)	(198,570)	(171,762)
Deferred tax (liabilities)/assets – net	(6,290,720)	(2,102,230)	395,010	147,495

Deferred income tax assets are recognised to the extent that the realisation of the related tax benefit through future taxable benefits is probable. Deferred income tax assets not recognised are comprised as follows:

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Accelerated capital allowances	2,562	1,912	-	-
Tax losses	18,797,488	16,015,492	-	-
Other temporary differences	225,981	416,799	-	-
	19,026,031	16,434,203	-	-

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. The potential deferred tax assets will be recognised when it can be regarded as more likely than not that there will be sufficient taxable profits from which the tax losses, accelerated capital allowances and other temporary differences can be deducted.

20 Deferred income

	Group	Company
	£	£
Government and other grants		
At 1 October 2014	14,061,996	89,195
Capital grants received during the year	2,076,704	-
Released to the income statement	(1,829,756)	(21,768)
Exchange adjustment	184,574	-
At 1 October 2015	14,493,518	67,427
On acquisition	6,063	-
Capital grants received during the year	1,936,896	-
Released to the income statement	(1,996,447)	(21,768)
Exchange adjustment	413,711	-
At 30 September 2016	14,853,741	45,659

Notes to the financial statements for the year ended 30 September 2016 (continued)

20 Deferred income (continued)

The maturity profile of the carrying amount of deferred income, at 30 September was as follows:

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Less than one year	1,995,827	2,359,227	21,768	21,768
In more than one year but not more than two years	1,835,988	2,143,549	21,768	21,768
In more than two years but not more than five years	4,223,245	3,674,755	2,123	23,891
Later than five years	6,798,681	6,315,987	-	-
	14,853,741	14,493,518	45,659	67,427

21 Other non-current liabilities

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Accruals	8,866,497	6,000,263	3,006,533	971,469
Other creditors	-	-	697,118	-
	8,866,497	6,000,263	3,703,651	971,469

Maturity of non-current liabilities

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

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
In more than one year but not more than two years	2,251,207	2,195,845	1,105,188	422,806
In more than two years but not more than five years	6,555,116	3,724,729	2,598,463	548,663
In more than five years	60,174	79,689	-	-
	8,866,497	6,000,263	3,703,651	971,469

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

22 Share capital and share premium

Group and company	2016	2015
Authorised share capital	£	£
139,999,999 (2015: 139,999,999) ordinary A shares of £1 each	139,999,999	139,999,999
10,000,000 (2015: 10,000,000) class B non-voting ordinary shares of £1 each	10,000,000	10,000,000
1 Founder share of £1	1	1
	150,000,000	150,000,000

Notes to the financial statements for the year ended 30 September 2016 (continued)

22 Share capital and share premium (continued)

The ordinary A shares, B shares rank pari passu in all respects and enjoy the same rights and privileges save that the B shares are non-voting. The Founder share has veto rights in a number of areas; however it does not receive an economic benefit from the group. All shares rank in full for dividends.

Group and company	Shares of £1 each			Total £
	Ordinary A £	Class B ordinary £	Founder £	
Allotted and fully paid share capital				
At 30 September 2014, 30 September 2015 and 30 September 2016	13,442,248	1,761,583	1	15,203,832
				Share premium £
Group and company				
At 30 September 2014, 30 September 2015 and 30 September 2016				173,292,246

23 Employee benefit trust

Under IFRS, an entity that controls an employee benefit trust is required by SIC 12 "Consolidation – Special Purpose Entities" to consolidate that Trust. Accordingly the assets, liabilities and transactions of the Almac Employee Benefit Trust and the Almac Offshore Employee Benefit Trust have been consolidated in these group financial statements. The Trusts are discretionary trusts established for the benefit of employees and former employees of the parent company, including directors, and may be used to meet obligations under the direction of the Trustees. At 30 September 2016 no shares of the parent company were held by the Trusts.

Notes to the financial statements for the year ended 30 September 2016 (continued)

24 Cash generated from operations

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Profit before income tax	26,785,268	27,977,053	9,864,255	2,119,436
Adjustments for:				
Finance income	(793,644)	(283,785)	(16,406,848)	(7,506,161)
Finance costs	1,083,059	1,413,397	4,950,583	4,758,932
Depreciation of property, plant and equipment	13,960,737	12,696,973	871,929	692,758
Amortisation of intangible assets	6,841,942	10,123,910	732,308	675,732
(Profit)/loss on disposal of property, plant and equipment	(1,620)	54	8,910	(373)
Release of capital grant	(1,996,447)	(1,829,756)	(21,768)	(21,768)
Movement in inventories	(3,411,646)	842,277	-	-
Movement in trade and other receivables	(30,303,265)	(7,623,393)	(2,105,290)	1,289,625
Movement in trade and other payables	22,552,342	4,503,318	3,129,378	1,585,168
Net cash generated from operations	34,716,726	47,820,048	1,023,457	3,593,349

The principal non-cash transaction is the inception of £210,890 (2015: £195,598) of finance leases for additions in the current year.

25 Pension commitments

The group operates a defined contribution scheme for employees whereby the assets of the scheme are held separately from those of the group in an independently administered scheme. Pension costs for the defined contribution scheme were as follows:

	2016	2015
Group	£	£
Defined contribution scheme	4,411,928	3,699,071

Amounts owed to the pension scheme as at 30 September 2016 totalled £545,986 (2015: £367,514).

26 Capital and other financial commitments

Contracts placed for future expenditure not provided in the financial statements:

	2016	2015
Group	£	£
Property, plant and equipment	14,516,281	1,970,688

Notes to the financial statements for the year ended 30 September 2016 (continued)

27 Operating lease commitments - minimum lease payments

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

Group	Motor vehicles		Buildings		Other	
	2016 £	2015 £	2016 £	2015 £	2016 £	2015 £
No later than one year	276,505	235,232	4,369,589	2,895,891	71,823	22,659
More than one year and no later than five years	363,547	242,275	6,475,961	7,042,764	164,806	63,680
Later than five years	-	-	2,209,698	796,935	499	-
	640,052	477,507	13,055,248	10,735,590	237,128	86,339

Company	Motor vehicles		Other	
	2016 £	2015 £	2016 £	2015 £
No later than one year	113,233	103,814	10,431	10,431
More than one year and no later than five years	139,728	119,538	17,008	27,439
	252,961	223,352	27,439	37,780

28 Contingencies

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

29 Share-based payments

The group 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 group 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 (within accruals). 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 group's estimate of the number of awards which will lapse due to employees leaving the group 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 professionally qualified valuers at the end of the financial year when the share is exercisable and all share awards are cash settled.

Notes to the financial statements for the year ended 30 September 2016 (continued)

29 Share-based payments (continued)

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

Grant date	30 September 2016	30 September 2015
Share price at grant date	£0.651	£0.587
Number of employees	112	111
Share awards	2,449,727	2,561,057
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%	5.0%
Fair value	£0.651	£0.587

The weighted average fair value of share awards granted during the year determined using the Black-Scholes valuation model was £0.651 (2015: £0.587). 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.

Movements in the number of share awards outstanding are as follows:

	2016 Number	2015 Number
Outstanding at 1 October	7,116,265	7,816,629
Granted	2,458,135	2,569,937
Forfeited	(231,677)	(449,069)
Exercised	(2,249,695)	(2,821,232)
Outstanding at 30 September	7,093,028	7,116,265
Exercisable on 1 January 2017/2016	2,311,451	2,322,815

The weighted average share price of share awards exercised in the year was £0.651 (2015: £0.587).

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

	2016 Number	2015 Number
2016	-	2,322,815
2017	2,311,451	2,318,778
2018	2,368,212	2,474,672
2019	2,413,365	-

The total expense recognised in the income statement was £1,273,193 (2015: £2,199,655). The liability at 30 September 2016 was £4,121,049 (2015: £4,177,247).

Notes to the financial statements for the year ended 30 September 2016 (continued)

30 Business combinations

On 31 October 2015 the Group acquired 100% of the share capital of Arran Chemical Company Limited. The consideration was cash settled.

The following table sets out the values of the identifiable assets and liabilities acquired and their professional fair values to the Group.

	Provisional fair value £
Assets	
Tangible fixed asset	1,572,427
Financial assets	909
Inventory	1,324,484
Trade receivables	1,387,990
Cash	487,049
	4,772,859
Liabilities	
Trade payables and accruals	(867,076)
Other creditors	(54,461)
Lease obligations	(13,649)
Amounts owed to subsidiary undertaking	(6,080)
Deferred tax	(58,151)
Government grants	(6,063)
Net assets	3,767,379
Goodwill arising on acquisition (note 11)	661,613
Consideration	4,428,992

All acquisition costs have been taken to the income statement.

The goodwill represents the value of existing workforce and synergies that the group is expected to benefit through combining the separate businesses.

The following gives i) the revenue and profit for the period to 30 September 2016 as though the acquisition date for all business combinations that occurred during the period had been as of the beginning of the reporting period and ii) the revenue and profit for the period since acquisition:

	12 months ending 30 September 2016 £
Revenue	11,833,300
Profit for the period	1,412,405
	11 months ending 30 September 2016 £
Revenue	11,015,575
Profit for the period	1,355,941

Notes to the financial statements for the year ended 30 September 2016 (continued)

31 Ultimate controlling party and related party transactions

Due to a split of ownership and control over the group there is not considered to be an ultimate parent undertaking.

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

At the balance sheet date, the ultimate controlling parties are A D Armstrong, S Campbell, C Hayburn and J W Irvine.

The McClay Foundation is a related party due to common directors.

Companies under common control are also related parties under IAS 24. Transactions entered into during the year with such parties are as follows:

Group	2016 £	2015 £
Interest payable to related parties	(60,345)	(86,212)
Amounts owed to related parties	(2,850,330)	(3,667,469)

Company	2016 £	2015 £
Sales to group undertakings	28,773,057	26,202,260
Purchases from group undertakings	(308,205)	(150,456)
Interest receivable from related parties	4,966,553	4,611,478
Interest payable to related parties	(4,118,588)	(3,802,523)
Amounts owed by group undertakings	214,524,704	171,960,052
Amounts owed to group undertakings	(182,212,284)	(161,128,214)
Amounts owed to related parties	(1,517,865)	(1,875,005)
Group relief payable	(1,443,751)	(489,764)

Details of amounts owed by and to related parties are disclosed in notes 15, 17 and 18 respectively. Details of interest payable and receivable on related party balances are disclosed in note 6.

32 Financial instruments by category

The group and parent company's financial instruments are classified as follows:

Assets and liabilities	Category of financial instrument
Trade and other receivables	Loans and other receivables
Cash and cash equivalents	Loans and other receivables
Borrowings	Other financial liabilities at amortised cost
Trade and other payables	Other financial liabilities at amortised cost
Other non-current liabilities	Other financial liabilities at amortised cost