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Registered no: NI 43067



Almac Diagnostics Limited
Annual report
for the year ended 30 September 2006

Almac Diagnostics Limited

Report and financial statements for the year ended 30 September 2006

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Directors and advisers

Executive directors

RA Milliken
JW Irvine
Prof D P Harkin
Prof P G Johnston

Secretary

C Hayburn

Registered office

Almac House
20 Seagoe Industrial Estate
Craigavon
BT63 5QD

Solicitors

Carson & McDowell
Murray House
Murray Street
Belfast
BT1 6DN

Bankers

Northern Bank
45-48 High Street
Belfast
BT62 1LB

Registered auditors

PricewaterhouseCoopers LLP
Waterfront Plaza
8 Laganbank Road
Belfast
BT1 3LR

Directors' report for the year ended 30 September 2006

The directors present their report and the audited financial statements for the year ended 30 September 2006.

Principal activities

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

The principal activities of the company are the development of Cancer Diagnostics, concentrating initially upon colorectal cancer, and the development of a service business using microarray based data analysis for the academic, pharmaceutical and biotechnology markets.

Review of business and future developments

The company has incurred losses of £3,794,734 during the current year which are in line with expectations. The company foresees further losses in the current year, however these are anticipated as a consequence of the research project programme. Funding commitments have been put in place particularly from the McClay Trust to support the company through its development phase.

Results and dividends

The loss for the financial year is £3,794,734 (2005: £2,610,390). The directors do not recommend payment of a dividend.

Research and development activities

The company is strongly committed to research and development activities in order to secure and enhance its market position. Expenditure in the year totalled £1,926,856 (2005: £1,307,813).

Directors and their interests

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

The interests of the directors who had an interest in the shares of the company at 30 September 2006 are as follows:

	'A' Ordinary shares of £0.10 each	
	2006 Number	2005 Number
Prof D P Harkin	990	990
Prof P G Johnston	990	990

Political and charitable donations

During the year, the company made charitable donations amounting to £100 (2005: £700). No donations for political purposes were made during the year (2005: £Nil).

Employees

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

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

Share capital

Details of share movements in the year are given in Note 16 to the financial statements.

Statement of disclosure of information to auditors

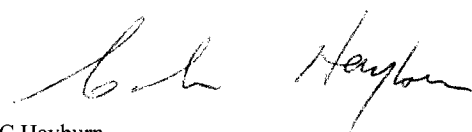
So far as each of the directors in office at the date of approval of these financial statements is aware:

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

Auditors

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

By order of the Board

A handwritten signature in black ink, appearing to read 'C Hayburn', is written over the printed name.

C Hayburn
Secretary

13 March 2007

Statement of directors' responsibilities

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

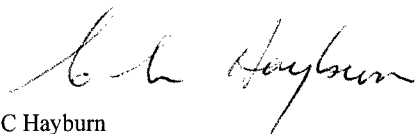
Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with International Reporting Standards (IFRSs) as adopted by the European Union. The financial statements are required by law to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

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

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

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

By order of the Board



C Hayburn
Secretary

13 March 2007

Independent auditors' report to the members of Almac Diagnostics Limited

We have audited the financial statements of Almac Diagnostics Limited for the year ended 30 September 2006, which comprise the income statement, the statement of changes in shareholders' equity, the balance sheet, the cash flow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

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

Our responsibility is to audit the financial statements in accordance with the relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Article 243 of the Companies (Northern Ireland) Order 1986 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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

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

Basis of audit opinion

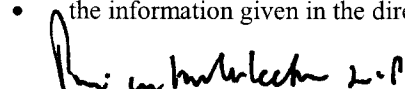
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the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

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with International Financial Reporting Standards as adopted by the European Union, of the state of the company's affairs as at 30 September 2006 and of its loss and cash flows for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies (Northern Ireland) Order 1986; and
- the information given in the directors' report is consistent with the financial statements.



PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

Belfast

15 May 2007

Income Statement
for the year ended 30 September 2006

	Notes	2006 £	2005 £
Continuing operations			
Revenue	2	387,671	247,975
Administrative expenses		(3,899,663)	(2,564,849)
Operating loss		(3,511,992)	(2,316,874)
Interest payable and similar charges	4	(282,742)	(294,961)
Interest receivable	4	-	1,445
Loss before taxation	5	(3,794,734)	(2,610,390)
Taxation	7	-	-
Loss for the year attributable to equity shareholders		(3,794,734)	(2,610,390)

Statement of changes in shareholders' equity

	Share capital £	Share premium account £	Retained earnings £	Total equity £
At 1 October 2004	1,000	299,604	(863,745)	(563,141)
Net loss	-	-	(2,610,390)	(2,610,390)
At 30 September 2005	1,000	299,604	(3,474,135)	(3,173,531)
Net loss	-	-	(3,794,734)	(3,794,734)
At 30 September 2006	1,000	299,604	(7,268,869)	(6,968,265)

Balance sheet at 30 September 2006

	Notes	2006 £	2005 £
Assets			
Non-current assets			
Property, plant and equipment	8	5,955,210	4,749,101
Total non-current assets		5,955,210	4,749,101
Current assets			
Trade and other receivables	9	395,623	205,666
Cash and cash equivalents	10	102,180	70,409
Total current assets		497,803	276,075
Total assets		6,453,013	5,025,176
Liabilities			
Current liabilities			
Borrowings	12	48,000	44,000
Trade and other payables	11	8,025,580	2,708,062
Total current liabilities		8,073,580	2,752,062
Non-current liabilities			
Borrowings	12	4,098,885	4,480,464
Deferred income	15	1,248,813	966,181
Total non-current liabilities		5,347,698	5,446,645
Total liabilities		13,421,278	8,198,707
Shareholders' equity			
Ordinary shares	16	1,000	1,000
Share premium account	17	299,604	299,604
Retained earnings		(7,268,869)	(3,474,135)
Total shareholders' equity		(6,968,265)	(3,173,531)
Total equity and liabilities		6,453,013	5,025,176

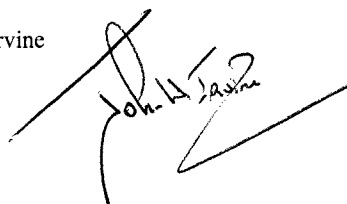
The financial statements on pages 6 to 23 were approved by the board on 13 March 2007 and were signed on its behalf by:

RA Milliken

Directors



J W Irvine



**Cash flow statement
for the year ended 30 September 2006**

	Notes	2006 £	2005 £
Cash flows from operating activities			
Cash generated from operations	18	(3,506,229)	(25,156)
Interest received		-	1,445
Interest paid		(282,742)	(294,961)
Net cash used in operating activities		(3,788,971)	(318,672)
Cash flows from investing activities			
Purchase of property, plant and equipment		(1,749,464)	(1,707,725)
Capital grants received		417,760	948,014
Net cash used in investing activities		(1,331,704)	(759,711)
Cash flows from financing activities			
Advances from related parties		5,530,025	840,631
Repayment of borrowings		(377,579)	-
Net cash provided by financing activities		5,152,446	840,631
Net increase/(decrease) in cash and cash equivalents		31,771	(237,752)
Cash and cash equivalents at 1 October		70,409	308,161
Cash and cash equivalents at 30 September	10	102,180	70,409

Notes to the financial statements for the year ended 30 September 2006

1 Accounting policies

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

Accounting standards

At the date of authorisation of these accounts, the following standards, amendments and interpretations, which have not been applied in these accounts, were in issue but not yet effective. The company does not anticipate that the adoption of these standards and interpretations will have a material impact on the company's financial statements on adoption.

- Effective for accounting periods beginning on or after 1 January 2006:
 - IAS 19 (Amendment), Employee Benefits
 - IAS 21 (Amendment), Net investment in a foreign operation
 - IAS 39 (Amendment), The fair value option
 - IAS 39 (Amendment) and IFRS 4 (Amendment), Financial guarantee contracts
 - IFRS 1 (Amendment), First time adoption of IFRS and IFRS 6 (Amendment), Exploration for and valuation of mineral resources
 - IFRIC 4 Determining whether an arrangement contains a lease
 - IFRIC 5 Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds
 - IFRIC 6 Liabilities arising from participating in a specific market – waste electrical and electronic equipment
- Effective for accounting periods beginning on or after 1 March 2006
 - IFRIC 7, Applying the restatement approach under IAS 29, Financial reporting in hyperinflationary economies
- Effective for accounting periods beginning on or after 1 May 2006
 - IFRIC 8, Scope of IFRS 2
- Effective for accounting periods beginning on or after 1 June 2006
 - IFRIC 9, Reassessment of embedded derivatives
- Effective for accounting periods beginning on or after 1 November 2006
 - IFRIC 10, Interim Financial Reporting and Impairment
- Effective for accounting periods beginning on or after 1 January 2007
 - IFRS 7, Financial instruments: disclosures
- Effective for accounting periods beginning on or after 1 March 2007
 - IFRIC 11, IFRS 2 – Group and treasury share transactions
- Effective for accounting periods beginning on or after 1 January 2008
 - IFRIC 12, Service concession arrangements

Basis of preparation

For all periods up to and including the year ended 30 September 2005, the company prepared their annual report and accounts in accordance with UK GAAP. For the year ended 30 September 2006, the accounts have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and applied in accordance with the provisions of the Companies (Northern Ireland) Order 1986.

The disclosures required by IFRS1 “First time adoption of International Financial Reporting Standards” concerning the transition from UK GAAP to IFRS are given in note 29.

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

1 Accounting policies (continued)

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

Intangibles

Software costs

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

Property, plant and equipment

The cost of assets is their purchase cost, together with any incidental costs of acquisition. For all assets depreciation is calculated so as to write off the cost less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used are as follows:

Leasehold improvements	-	over the lease term
Laboratory equipment	-	4 to 20 years
Computer equipment	-	4 years
Office equipment	-	5 years

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

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

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

Trade receivables

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

Cash and cash equivalents

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

Trade payables

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

Borrowings

Interest bearing loans and overdrafts are initially recorded at cost, being the proceeds received net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis to the income statement using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

1 Accounting policies (continued)**Leased assets**

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

Deferred taxation

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

Capital grants

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

Revenue grants

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

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

Revenue recognition

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

Foreign currency translation

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

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

Pension costs

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

1 Accounting policies (continued)**Critical accounting estimates and judgements**

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below. During the period ended 30 September 2006, there were no critical judgements in relation to the application of the company's accounting policies.

Income taxes

There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The company recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

2 Analysis of revenue

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

3 Financial risk management**Financial risk factors**

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

Price risk

The 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 or other equity investments.

Foreign exchange risk

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

Credit risk

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

4 Finance costs - net

	2006 £	2005 £
Interest expense:		
Interest payable on bank borrowings	-	(831)
Interest payable on loans	(282,742)	(294,130)
Interest and similar charges payable	(282,742)	(294,961)
Interest income:		
Interest on bank deposits	-	1,445
Total interest receivable	-	1,445
Finance cost – net	(282,742)	(293,516)

5 Loss before taxation

	2006 £	2005 £
The following items have been included in arriving at operating loss		
Staff costs (Note 6)	1,681,496	905,475
Depreciation of property, plant and equipment		
– owned assets	543,355	470,597
– under finance leases	-	75,000
Repairs and maintenance expenditure on property, plant and equipment	40	328
Research and development expenditure	1,926,856	1,307,813
Hire of plant and machinery – operating leases	11,067	5,028
Other operating lease rentals	-	15,000
Transfer from capital grant reserve	(135,128)	(127,167)
Revenue grants	(941,043)	(500,987)

Services provided by the auditors and network firms

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

	2006 £	2005 £
Audit services		
- Statutory audit	8,000	7,250
- Audit – related regulatory reporting	2,400	5,000
Further assurance services		
Tax services		
- Compliance services	2,500	3,000
- Advisory services	-	37,350
Other services not covered above	-	6,460
	12,900	59,060

6 Employees and directors

	2006 £	2005 £
Staff costs during the year		
Wages and salaries	1,505,821	810,314
Social security costs	138,925	74,223
Other pension costs	36,750	20,938
	1,681,496	905,475

	2006 Number	2005 Number
Average monthly number of persons employed (including directors) during the year by activity		
Selling	11	3
Administration	3	3
Research and development	22	18
	36	24

	2006 £	2005 £
Key management compensation		
Salaries and short term employee benefits	150,668	211,785
Post – employment benefits	-	-
	150,668	211,785

The key management figures given above include directors.

	2006 £	2005 £
Directors		
Aggregate emoluments	140,424	172,654
Company pension contributions to money purchase schemes	-	-

No directors (2005: None) have retirement benefits accruing under a money purchase scheme.

7 Taxation

	2006 £	2005 £
Current tax		
Continuing operations	-	-
	-	-
Deferred tax		
Continuing operations	-	-
	-	-
Taxation	-	-

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

	2006 £	2005 £
Loss on ordinary activities before tax	(3,794,734)	(2,610,390)
Loss on ordinary activities before tax at the UK standard rate of 30%	(1,138,421)	(783,117)
Effects of:		
Expenses not deductible for tax purposes	8,481	4,033
Enhanced research and development expenditure	(101,152)	(59,988)
Deferred tax not recognised	43,612	839,072
Group relief not paid	1,187,480	-
Total taxation (continuing operations)	-	-

8 Property, plant and equipment

	Leasehold improvements £	Laboratory equipment £	Computer equipment £	Office equipment £	Total £
Cost					
At 1 October 2005	3,592,435	1,600,740	130,079	27,793	5,351,047
Additions	1,417,737	120,236	203,537	7,954	1,749,464
At 30 September 2006	5,010,172	1,720,976	333,616	35,747	7,100,511
Accumulated depreciation					
At 1 October 2005	193,694	377,929	26,113	4,210	601,946
Charge for the year	320,927	169,095	50,200	3,133	543,355
At 30 September 2006	514,621	547,024	76,313	7,343	1,145,301
Net book value					
At 30 September 2006	4,495,551	1,173,952	257,303	28,404	5,955,210

8 Property, plant and equipment (continued)

	Leasehold improvements £	Laboratory equipment £	Computer equipment £	Office equipment £	Total £
Cost					
At 1 October 2004	2,798,352	2,284,370	57,933	2,667	5,143,322
Additions	794,083	816,370	72,146	25,126	1,707,725
Disposals	-	(1,500,000)	-	-	(1,500,000)
At 30 September 2005	3,592,435	1,600,740	130,079	27,793	5,351,047
Accumulated depreciation					
At 1 October 2004	-	196,044	10,080	225	206,349
Charge for the year	193,694	331,885	16,033	3,985	545,597
Disposals	-	(150,000)	-	-	(150,000)
At 30 September 2005	193,694	377,929	26,113	4,210	601,946
Net book value					
At 30 September 2005	3,398,741	1,222,811	103,966	23,583	4,749,101
At 30 September 2004	2,798,352	2,088,326	47,853	2,442	4,936,973

9 Trade and other receivables

	2006 £	2005 £
Amounts falling due within one year:		
Trade debtors	366,593	132,744
Less: Provision for impairment of receivables	-	-
Trade debtors (net)	366,593	132,744
Other debtors	8,675	65,992
Prepayments and accrued income	20,355	6,930
	395,623	205,666

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

	2006 £	2005 £
Trade debtors (net)	366,593	132,744
Other debtors	8,675	65,992
Prepayments and accrued income	20,355	6,930
	395,623	205,666

9 Trade and other receivables (continued)

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

	2006 £	2005 £
Currency		
UK Pound	345,183	122,238
Euro	50,440	10,506
	395,623	205,666

10 Cash and cash equivalents

	2006 £	2005 £
Cash and cash equivalents		
Cash at bank and in hand	102,180	70,409
	102,180	70,409

11 Trade and other payables - current

	2006 £	2005 £
Trade payables	236,487	880,938
Other tax and social security	40,897	45,555
Other creditors	6,848,997	1,318,972
Accruals	899,199	462,597
	8,025,580	2,708,062

12 Financial liabilities - Borrowings

	2006 £	2005 £
Current		
Other loans (a)	48,000	44,000
	48,000	44,000
Non-current		
Other loans (a)	448,885	830,464
Subordinated loans (b)	3,650,000	3,650,000
	4,098,885	4,480,464

12 Financial liabilities – Borrowings (continued)

(a) The above loans which are offset by revenue grants earned are secured by a fixed charge over the plant and equipment of the company.

(b) £3,250,000 is due to McClay Trust. Interest is charged at base rate plus 2.5 per cent, however no interest or capital repayments are scheduled until 30 November 2007.

The remaining balance is due to the immediate parent undertaking, Almac Diagnostics (2004) Limited. No interest is charged on the loan. It has been agreed that this amount will not be repaid until all other debts of the company are extinguished.

The fair values of non-current borrowings are as follows:

	2006	2005
	£	£
Non-current		
Other loans	448,885	830,464
Subordinated loans	3,650,000	3,650,000
	4,098,885	4,480,464

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

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

	2006	2005
	£	£
Currency		
UK pound	4,146,885	4,524,464

The effective interest rate at the balance sheet date was 7.25% (2005: 7.00%).

13 Deferred tax

Deferred tax is calculated on temporary differences under the liability method using a tax rate of 30% (2005: 30%).

	2006 £	2005 £
Deferred taxation asset not recognised comprises:		
Accelerated capital allowances	(941,831)	(653,472)
Short term timing differences	192,721	91,663
Tax losses available	1,901,648	1,670,736
	1,152,538	1,108,927

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.

14 Financial instruments**Maturity of financial liabilities**

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

	2006 Other Debt £	2005 Other Debt £
In more than one year but not more than two years	386,885	48,000
In more than two years but not more than five years	2,562,000	2,532,464
In more than five years	1,150,000	1,900,000
	4,098,885	4,480,464

15 Deferred income

	Government grants £
At 1 October 2005	966,181
Additions	417,760
Released to income statement	(135,128)
At 30 September 2006	1,248,813

16 Called up share capital

Authorised	2006 £	2005 £
1,980 Class A ordinary shares of £0.10 each	198	198
7,920 Class B ordinary shares of £0.10 each	792	792
100 Class C ordinary shares of £0.10 each	10	10
	1,000	1,000

Issued and fully paid	2006 £	2005 £
Class A ordinary shares of £0.10 each	198	-
Class B ordinary shares of £0.10 each	792	396
Class C ordinary shares of £0.10 each	10	-
	1,000	396

Issued and unpaid	2006 £	2005 £
Class A ordinary shares of £0.10 each	-	198
Class B ordinary shares of £0.10 each	-	396
Class C ordinary shares of £0.10 each	-	10
	-	604

Class A and B shares rank pari passu in all respects. Class C shareholders have no voting rights and may not appoint a director.

17 Share premium account

	£
At 1 October 2004 and 30 September 2005	299,604
At 1 October 2005 and 30 September 2006	299,604

18 Cash flows from operating activities

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

Cash generated from operations

	2006 £	2005 £
Net loss	(3,794,734)	(2,610,390)
Adjustment for:		
Depreciation charge	543,355	545,597
Release of capital grant	(135,128)	(127,167)
Interest receivable	-	(1,445)
Interest expense	282,742	294,961
Increase in trade and other receivables	(189,957)	(26,006)
(Decrease)/increase in payables	(212,507)	1,899,294
Net cash outflow from operating activities	(3,506,229)	(25,156)

19 Pension commitments

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

Pension costs for the defined contribution scheme are as follows:

	2006 £	2005 £
Defined contribution scheme	36,750	20,938

20 Capital and other financial commitments

	2006 £	2005 £
Contracts placed for future capital expenditure not provided in the financial statements	-	1,321,500

21 Operating lease commitments - minimum lease payments

	2006 £	Vehicles 2005 £
The future aggregate minimum lease payments under non-cancellable operating leases are as follows:		
No later than one year	11,067	10,211
Later than one year and no later than five years	22,134	20,422
Later than five years	-	-
	33,201	30,633

22 Contingent liabilities

There exists a contingent liability to repay certain capital and revenue grants received from Invest Northern Ireland if certain conditions are not met. The directors do not anticipate any repayment falling due under the terms on which the grants were received.

23 Ultimate controlling party and related party transactions

The immediate parent undertaking of the company at 30 September 2006 was Almac Diagnostics (2004) Limited, a company incorporated in Northern Ireland. The registered office of Almac Diagnostics (2004) Limited is Almac House, 20 Seagoe Industrial Estate, Craigavon, BT63 5QD.

The ultimate parent undertaking and controlling party of the company is Almac Group Limited, a company incorporated in Northern Ireland. The registered office of Almac Group Limited is Almac House, 20 Seagoe Industrial Estate, Craigavon, BT63 5QD.

Transactions entered into during the year with related parties, and balances outstanding at 30 September are as follows:

	2006 £	2005 £
Purchases from related parties	739,502	25,000
Amounts owed to group undertakings	6,196,830	-
Amounts owed to related parties	834,958	1,303,972

RA Milliken and JW Irvine are trustees of the McClay Trust. At 30 September 2006, a balance of £3,250,000 exists in relation to a loan provided by the McClay Trust to the company.

24 General information

The financial statements were authorised for issue by the Board of Directors on 13 March 2007.

25 Reconciliation of net liabilities and loss under UK GAAP to IFRS

Almac Diagnostics Limited reported under UK GAAP in its previously published financial statements for the period ended 30 September 2005. There have been no changes to the previously reported results upon transition to IFRS.