

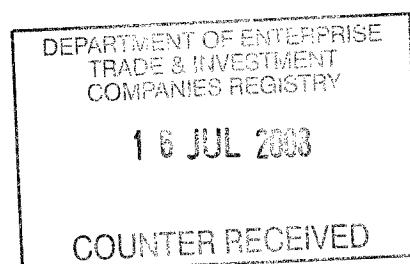


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Registered no: NI 43067

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



Almac Diagnostics Limited

Report and financial statements for the year ended 30 September 2007

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Directors and advisers

Executive directors

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

Non-executive directors

S Campbell

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 2007

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

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 £5,911,294 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 £5,911,294 (2006: £3,794,734). 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 £2,361,541 (2006: £1,926,856).

Directors

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

Political and charitable donations

During the year, the company made charitable donations amounting to £Nil (2006: £100). No donations for political purposes were made during the year (2006: £Nil).

Employees

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

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

Statement of disclosure of information to auditors

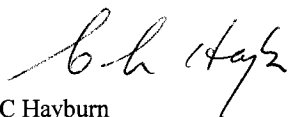
So far as each of the directors in office at the date of approval of these financial statements is aware:

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

Auditors

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

By order of the Board

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

C Hayburn

Secretary

7 January 2008

Statement of directors' responsibilities

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

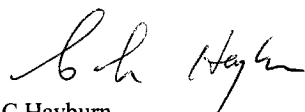
Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial statements are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

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

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

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

By order of the Board



C Hayburn

Secretary

7 January 2008

Independent auditors' report to the members of Almac Diagnostics Limited

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

Respective responsibilities of directors and auditors

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

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

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

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

Basis of audit opinion

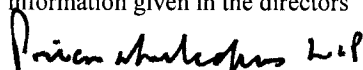
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the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

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

Opinion

In our opinion:

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



PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

Belfast

1 February 2008

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

	Notes	2007 £	2006 £
Continuing operations			
Revenue	2	694,036	387,671
Administrative expenses		(3,912,336)	(1,972,807)
Research and development		(2,361,541)	(1,926,856)
Operating loss		(5,579,841)	(3,511,992)
Finance costs	4	(332,506)	(282,742)
Finance income	4	1,053	-
Finance costs - net		(331,453)	(282,742)
Loss before taxation	5	(5,911,294)	(3,794,734)
Taxation	7	-	-
Loss for the year attributable to equity shareholders		(5,911,294)	(3,794,734)

Statement of changes in shareholders' equity

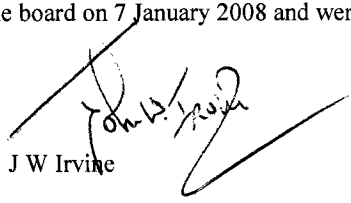
	Share capital £	Share premium account £	Retained earnings £	Total equity £
At 1 October 2005	1,000	299,604	(3,474,135)	(3,173,531)
Net loss	-	-	(3,794,734)	(3,794,734)
At 1 October 2006	1,000	299,604	(7,268,869)	(6,968,265)
Net loss	-	-	(5,911,294)	(5,911,294)
At 30 September 2007	1,000	299,604	(13,180,163)	(12,879,559)

Balance sheet at 30 September 2007

	Notes	2007 £	2006 £
Assets			
Non-current assets			
Intangible assets	8	9,248	-
Property, plant and equipment	9	5,466,696	5,955,210
Total non-current assets		5,475,944	5,955,210
Current assets			
Trade and other receivables	10	432,523	395,623
Cash and cash equivalents	11	96,059	102,180
Total current assets		528,582	497,803
Total assets		6,004,526	6,453,013
Liabilities			
Current liabilities			
Borrowings	13	3,850,827	3,698,000
Trade and other payables	12	13,856,421	8,025,580
Total current liabilities		17,707,248	11,723,580
Non-current liabilities			
Borrowings	13	62,000	448,885
Deferred income	16	1,114,837	1,248,813
Total non-current liabilities		1,176,837	1,697,698
Total liabilities		18,884,085	13,421,278
Equity			
Shareholders' equity			
Ordinary shares	17	1,000	1,000
Share premium account	18	299,604	299,604
Retained earnings		(13,180,163)	(7,268,869)
Total shareholders' equity		(12,879,559)	(6,968,265)
Total equity and liabilities		6,004,526	6,453,013

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


RA Milliken


J W Irvine

Directors

Cash flow statement
for the year ended 30 September 2007

	Notes	2007 £	2006 £
Cash flows from operating activities			
Cash used in operations	19	(3,890,131)	(3,506,229)
Interest paid		(88,052)	(282,742)
Net cash used in operating activities		(3,978,183)	(3,788,971)
Cash flows from investing activities			
Purchase of intangible assets		(11,552)	-
Purchase of property, plant and equipment		(99,245)	(1,749,464)
Capital grants received		-	417,760
Net cash used in investing activities		(110,797)	(1,331,704)
Cash flows from financing activities			
Advances from related parties		4,316,917	5,530,025
Repayment of borrowings		(234,058)	(377,579)
Net cash generated from financing activities		4,082,859	5,152,446
Net (decrease)/increase in cash and cash equivalents		(6,121)	31,771
Cash and cash equivalents at 1 October		102,180	70,409
Cash and cash equivalents at 30 September	11	96,059	102,180

**Notes to the financial statements
for the year ended 30 September 2007****1 Accounting policies****General information**

The company's principal activities during the year were as described in the directors' report.

The financial statements are presented in sterling.

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

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

New standards and interpretations not applied

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

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

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

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

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

1 Accounting policies (continued)**Basis of preparation**

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

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

Intangible assets**Computer software**

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. Capitalised software development costs include external direct costs of material and services together with direct labour costs relating to software development and an appropriate portion of directly attributable overheads.

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	-	5 years
Office equipment	-	10 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.

1 Accounting policies (continued)**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.

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 the income statement as incurred.

Taxation

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

Capital grants

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

Revenue grants

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

Research and development

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

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.

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

1 Accounting policies (continued)**Pension costs**

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

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 2007, there were no critical judgements in relation to the application of the company's accounting policies.

(a) Impairment of tangible and intangible fixed assets

The carrying values of fixed assets subject to depreciation and amortisation are reviewed for impairment when there is an indication that the values of the assets might be impaired. Impairment is determined by reference to the higher of net realisable value and value in use, measured by reference to risk-adjusted future cash flows discounted using appropriate interest rates. These future cash flows are based on business forecasts and are therefore inherently judgemental. Future events could cause the assumptions used in these impairment reviews to change with a consequent adverse effect on the future results of the company.

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

Foreign exchange risk

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

3 Financial risk management (continued)
Credit risk

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

4 Finance costs - net

	2007 £	2006 £
Interest expense:		
Interest payable on loans	(332,506)	(282,742)
Finance costs	(332,506)	(282,742)
Interest income:		
Interest on bank deposits	1,053	-
Finance income	1,053	-
Finance costs – net	(331,453)	(282,742)

5 Loss before taxation

	2007 £	2006 £
The following items have been included in arriving at operating loss		
Staff costs (Note 6)	2,426,359	1,681,496
Amortisation of intangible assets	2,304	-
Depreciation of property, plant and equipment		
– owned assets	587,759	543,355
Repairs and maintenance expenditure on property, plant and equipment	1,430	40
Research and development expenditure	2,361,541	1,926,856
Hire of plant and machinery – operating leases	29,308	11,067
Other operating lease rentals	165,000	-
Transfer from capital grant reserve	(133,976)	(135,128)
Revenue grants	(784,163)	(941,043)

Services provided by the auditors and network firms

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

	2007 £	2006 £
Audit services		
- Statutory audit	6,038	8,000
- Audit – related regulatory reporting	2,723	2,400
Tax services		
- Compliance services	4,225	2,500
- Advisory services	-	-
	12,986	12,900

6 Employees and directors

	2007 £	2006 £
Staff costs during the year		
Wages and salaries	2,164,771	1,505,821
Social security costs	204,902	138,925
Other pension costs	56,686	36,750
	2,426,359	1,681,496

	2007 Number	2006 Number
Average monthly number of persons employed (including directors) during the year by activity		
Operations	12	-
Selling	8	11
Administration	9	3
Research and development	23	22
	52	36

	2007 £	2006 £
Key management compensation		
Salaries and short term employee benefits	92,000	150,668
Post – employment benefits	5,942	-
	97,942	150,668

The key management figures given above include directors.

	2007 £	2006 £
Directors		
Aggregate emoluments	83,365	140,424
Company pension contributions to money purchase schemes	5,942	-

One director (2006: None) has retirement benefits accruing under a money purchase scheme.

7 Taxation

	2007 £	2006 £
Current tax		
UK corporation tax	-	-
	-	-
Deferred tax		
Origination and reversal of temporary differences	-	-
	-	-
Taxation	-	-

7 Taxation (continued)

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

	2007 £	2006 £
Loss on ordinary activities before tax	(5,911,294)	(3,794,734)
Loss on ordinary activities before tax at the UK standard rate of 30%	(1,773,388)	(1,138,421)
Effects of:		
Expenses not deductible for tax purposes	2,346	8,481
Income not taxable	(40,193)	(40,538)
Enhanced research and development expenditure	(123,879)	(101,152)
Deferred tax not recognised	1,935,114	84,150
Group relief not paid	-	1,187,480
Total taxation (continuing operations)	-	-

8 Intangible assets

	Computer software £
Cost	
At 1 October 2006	-
Additions	11,552
At 30 September 2007	11,552
Accumulated amortisation	
At 1 October 2006	-
Charge for the year	2,304
At 30 September 2007	2,304
Net book value	
At 30 September 2007	9,248
At 30 September 2006	-

9 Property, plant and equipment

	Leasehold improvements £	Laboratory equipment £	Computer equipment £	Office equipment £	Total £
Cost					
At 1 October 2006	5,010,172	1,720,976	333,616	35,747	7,100,511
Additions	6,900	68,198	20,443	3,704	99,245
At 30 September 2007	5,017,072	1,789,174	354,059	39,451	7,199,756
Accumulated depreciation					
At 1 October 2006	514,621	547,024	76,313	7,343	1,145,301
Charge for the year	337,538	175,869	70,632	3,720	587,759
At 30 September 2007	852,159	722,893	146,945	11,063	1,733,060
Net book value					
At 30 September 2007	4,164,913	1,066,281	207,114	28,388	5,466,696
At 30 September 2006	4,495,551	1,173,952	257,303	28,404	5,955,210

	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
Disposals	-	-	-	-	-
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
Disposals	-	-	-	-	-
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
At 30 September 2005	3,398,741	1,222,811	103,966	23,583	4,749,101

10 Trade and other receivables

	2007 £	2006 £
Amounts falling due within one year:		
Trade debtors	129,847	201,101
Less: Provision for impairment of receivables	-	-
Trade debtors (net)	129,847	201,101
Amounts owed by group undertakings	171,057	165,492
Other debtors	21,216	8,675
Prepayments and accrued income	110,403	20,355
	432,523	395,623

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

	2007 £	2006 £
Trade debtors (net)	129,847	201,101
Amounts owed by group undertakings	171,057	165,492
Other debtors	21,216	8,675
Prepayments and accrued income	110,403	20,355
	432,523	395,623

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

	2007 £	2006 £
Currency		
UK Pound	366,230	345,183
Euro	66,293	50,440
	432,523	395,623

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

11 Cash and cash equivalents

	2007 £	2006 £
Cash and cash equivalents		
Cash at bank and in hand	96,059	102,180
	96,059	102,180

12 Trade and other payables - current

	2007	2006
	£	£
Trade payables	332,696	236,487
Amounts owed to group undertakings	11,146,546	6,829,629
Other tax and social security	58,784	40,897
Other creditors	14,147	19,368
Accruals	2,304,248	899,199
	13,856,421	8,025,580

13 Financial liabilities - borrowings

	2007	2006
	£	£
Current		
Other loans (a)	200,827	48,000
Subordinated loans (b)	3,650,000	3,650,000
	3,850,827	3,698,000
Non-current		
Other loans (a)	62,000	448,885
	62,000	448,885

(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. The remaining balance is due to the immediate parent undertaking, Almac Diagnostics (2004) Limited.

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

	2007	2006
	£	£
Non-current		
Other loans	62,000	448,885
	62,000	448,885

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:

	2007	2006
	£	£
Currency		
UK pound	3,912,827	4,146,885

The effective interest rate at the balance sheet date was 8.25% (2006: 7.25%).

14 Deferred tax

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

	2007 £	2006 £
Deferred taxation asset not recognised comprises:		
Accelerated capital allowances	(1,063,680)	(1,316,475)
Other net temporary differences	313,034	192,721
Tax losses available	3,480,188	1,901,648
	2,729,542	777,894

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.

15 Financial instruments

Maturity of financial liabilities

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

	2007 £	2006 £
In more than one year but not more than two years	62,000	386,885
In more than two years but not more than five years	-	62,000
In more than five years	-	-
	62,000	448,885

16 Deferred income

	Government grants £
At 1 October 2005	966,181
Additions	417,760
Released to income statement	(135,128)
At 1 October 2006	1,248,813
Released to income statement	(133,976)
At 30 September 2007	1,114,837

17 Called up share capital

	2007 £	2006 £
Authorised		
1,780 (2006: 1,980) Class A ordinary shares of £0.10 each	178	198
7,920 Class B ordinary shares of £0.10 each	792	792
300 (2006: 100) Class C ordinary shares of £0.10 each	30	10
	1,000	1,000

	2007 £	2006 £
Issued and fully paid		
1,780 (2006: 1,980) Class A ordinary shares of £0.10 each	178	198
7,920 Class B ordinary shares of £0.10 each	792	792
300 (2006: 100) Class C ordinary shares of £0.10 each	30	10
	1,000	1,000

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

On 22 June 2007 200 of the issued A ordinary shares were converted into and designated as 200 C non-voting ordinary shares.

18 Share premium account

	£
At 1 October 2006 and 30 September 2007	299,604

19 Cash flows from operating activities

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

Cash used in operations

	2007 £	2006 £
Net loss	(5,911,294)	(3,794,734)
Adjustment for:		
Depreciation charge	587,759	543,355
Amortisation of intangible assets	2,304	-
Release of capital grant	(133,976)	(135,128)
Interest expense	331,453	282,742
Increase in trade and other receivables	(36,900)	(189,957)
Increase/(decrease) in payables	1,270,523	(212,507)
Net cash outflow from operating activities	(3,890,131)	(3,506,229)

20 Pension commitments

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

Pension costs for the defined contribution scheme are as follows:

	2007	2006
	£	£
Defined contribution scheme	56,686	36,750

21 Capital and other financial commitments

	2007	2006
	£	£
Contracts placed for future capital expenditure not provided in the financial statements	-	-

22 Operating lease commitments - minimum lease payments

	Buildings		Motor vehicles	
	2007	2006	2007	2006
	£	£	£	£
The future aggregate minimum lease payments under non-cancellable operating leases are as follows:				
No later than one year	165,000	-	38,788	11,067
Later than one year and no later than five years	660,000	-	31,814	22,134
Later than five years	1,650,000	-	-	-
	2,475,000	-	70,602	33,201

23 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.

24 Ultimate controlling party and related party transactions

The immediate parent undertaking of the company at 30 September 2007 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 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. The ultimate controlling party is Dr Sir Allen McClay.

24 Ultimate controlling party and related party transactions (continued)

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

	2007 £	2006 £
Rent payable to related parties	165,000	-
Purchases from related parties	-	739,502

Details of balances owed by and to group undertakings are disclosed in Notes 10 and 12 respectively.

RA Milliken and JW Irvine are trustees of the McClay Trust. At 30 September 2007, a balance of £3,250,000 (2006: £3,250,000) exists in relation to a loan provided by the McClay Trust to the company.