Registered number: NI 043067

Almac Diagnostics Limited

Annual report and financial statements

for the year ended 30 September 2012

Almac Diagnostics Limited

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Almac Diagnostics Limited

Directors and advisers

Directors

Professor D P Harkin
Professor P G Johnston
A D Armstrong
C Hayburn

Company secretary

C Hayburn (resigned 1 January 2012)
E McAllister (appointed 1 January 2012)

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
11 Donegall Square West
Belfast
BT1 6JS
United Kingdom

Independent auditors

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

Directors' report for the year ended 30 September 2012

The directors present their report and the audited financial statements of the company for the year ended 30 September 2012.

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 a loss before income tax of £4,511,840 (2011: £3,922,226) during the current year, which is in line with expectations. The company foresees further losses in the next immediate years, however these are anticipated as a consequence of the research programme which will deliver profits in the future years. Funding commitments have been put in place particularly from The McClay Foundation to support the company through its development phase.

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks including the competitive market conditions. Further discussion of these risks and uncertainties, in the context of the group as a whole, is provided in the annual report of the ultimate parent undertaking, Almac Group Limited.

Key performance indicators ("KPIs")

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

Environment

The company recognises its corporate responsibility to carry out its operations whilst minimising environmental impacts. The directors' continued aim is to comply with all applicable environmental legislation, prevent pollution and reduce waste wherever possible.

Health and safety

The company is committed to achieving the highest practicable standards in health and safety management and strives to make all sites and offices safe environments for employees and customers alike.

Human resources

People are the company's most important resource. Retention of key staff is critical and the company has invested in employment training and development.

Financial risk management

Given the nature of its operations, the company has minimal exposure to foreign exchange risk. Regarding credit risk, it is standard company policy to perform appropriate credit checks on all potential customers before contracts are entered into. Further commentary is disclosed under note 3.

Results and dividends

The loss after income tax for the financial year is £3,298,628 (2011: £2,556,528). The directors do not recommend payment of a dividend (2011: £nil).

Directors' report for the year ended 30 September 2012

Research and development activities

The company is strongly committed to research and development activities in the area of clinical diagnostics in order to secure and enhance its market position. Research expenditure in the year totaled £1,518,881 (2011: £1,683,825) and was expensed as incurred. No development expenditure was incurred during the year (2011: £nil).

Directors

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

Going concern

The directors have prepared cash flow forecasts for a period of at least 12 months from the date of signing this report and consequently have a reasonable expectation that the company has adequate financial resources to meet its operational needs for the foreseeable future and therefore the going concern basis has been adopted in preparing the financial statements.

Employees

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

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

Statement of disclosure of information to auditors

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

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

Independent auditors

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

On behalf of the Board

A D Armstrong
Director
7 January 2013

Statement of directors' responsibilities

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

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the Board

A D Armstrong
Director
7 January 2013

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 2012 which comprise the income statement, statement of changes in equity, balance sheet, cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Respective responsibilities of directors and auditors

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

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

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

In addition, we read all the financial and non-financial information in the Annual report and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2012 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

Stephen Curragh (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Belfast
7 January 2013

Income statement for the year ended 30 September 2012

	Note	2012 £	2011 £
Continuing operations			
Revenue	2	**4,998,019**	4,115,028
Cost of sales	6	**(3,216,667)**	(2,356,707)
Gross profit		**1,781,352**	1,758,321
Distribution costs	6	**(691,244)**	(635,130)
Administrative expenses	6	**(3,203,035)**	(2,501,966)
Research and development expenditure	6	**(1,518,881)**	(1,683,825)
Operating loss		**(3,631,808)**	(3,062,600)
Operating loss is analysed as:			
Operating loss before depreciation, amortisation and R & D ("EBITDA")		**(1,170,639)**	(651,888)
Depreciation of property, plant and equipment		**(786,215)**	(630,758)
Amortisation of intangible assets		**(156,073)**	(96,129)
Research and development expenditure ("R & D")		**(1,518,881)**	(1,683,825)
Finance costs	5	**(915,256)**	(862,716)
Finance income	5	**35,224**	3,090
Finance costs - net	5	**(880,032)**	(859,626)
Loss before income tax		**(4,511,840)**	(3,922,226)
Income tax credit	8	**1,213,212**	1,365,698
Loss for the year attributable to owners of the company		**(3,298,628)**	(2,556,528)

The notes on pages 10 to 28 are an integral part of the financial statements.

There is no other comprehensive income for the year (2011: £nil).

Statement of changes in equity for the year ended 30 September 2012

	Share capital £	Share premium account £	Retained earnings £	Total equity £
At 1 October 2010	1,000	299,604	(28,660,340)	(28,359,736)
Loss for the year and total comprehensive expense	-	-	(2,556,528)	(2,556,528)
At 1 October 2011	1,000	299,604	(31,216,868)	(30,916,264)
Loss for the year and total comprehensive expense	-	-	(3,298,628)	(3,298,628)
At 30 September 2012	**1,000**	**299,604**	**(34,515,496)**	**(34,214,892)**

The notes on pages 10 to 28 are an integral part of these company financial statements.

Balance sheet as at 30 September 2012

	Note	2012 £	2011 £
Assets			
Non-current assets			
Intangible assets	9	**143,401**	293,812
Property, plant and equipment	10	**3,795,783**	4,330,495
Total non-current assets		**3,939,184**	4,624,307
Current assets			
Trade and other receivables	11	**4,092,836**	3,503,582
Cash and cash equivalents	12	**158**	197
Total current assets		**4,092,994**	3,503,779
Total assets		**8,032,178**	8,128,086
Equity and liabilities			
Liabilities			
Current liabilities			
Borrowings	14	**37,352,928**	33,223,787
Trade and other payables	13	**1,798,737**	1,902,786
Total current liabilities		**39,151,665**	35,126,573
Non-current liabilities			
Borrowings	14	**1,792,465**	2,252,465
Other non-current liabilities	16	**325,545**	486,971
Deferred income	17	**977,395**	1,178,341
Total non-current liabilities		**3,095,405**	3,917,777
Total liabilities		**42,247,070**	39,044,350
Equity attributable to owners of the company			
Share capital	18	**1,000**	1,000
Share premium account	19	**299,604**	299,604
Retained earnings		**(34,515,496)**	(31,216,868)
Total equity		**(34,214,892)**	(30,916,264)
Total equity and liabilities		**8,032,178**	8,128,086

The notes on pages 10 to 28 are an integral part of the financial statements.

The financial statements on pages 6 to 28 were authorised for issue by the Board of directors on 7 January 2013 and were signed on their behalf by:

Colin Hayburn

C Hayburn (**Director**)

D. Paul Harkin

Professor D P Harkin (**Director**)

Cash flow statement for the year ended 30 September 2012

	Note	2012 £	2011 £
Cash flows from operating activities			
Cash used in operations	20	**(3,752,498)**	(2,542,946)
Finance costs		**(915,256)**	(862,716)
Net cash used in operating activities		**(4,667,754)**	(3,405,662)
Cash flows from investing activities			
Purchase of intangible assets		**(5,662)**	(19,359)
Purchase of property, plant and equipment		**(251,503)**	(270,885)
Capital grants received		**42,994**	399,972
Finance income		**35,224**	3,090
Net cash (used in)/generated from investing activities		**(178,947)**	112,818
Cash flows from financing activities			
Advances from related parties		**5,262,747**	3,746,111
Repayment of borrowings		**(460,000)**	(460,000)
Net cash generated from financing activities		**4,802,747**	3,286,111
Net decrease in cash and cash equivalents		**(43,954)**	(6,733)
Cash, cash equivalents and bank overdrafts at beginning of the year		**(22,163)**	(15,430)
Cash, cash equivalents and bank overdrafts at end of the year	12	**(66,117)**	(22,163)

The notes on pages 10 to 28 are an integral part of the financial statements.

Notes to the financial statements for the year ended 30 September 2012

1 Accounting policies

General information

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. The financial statements are presented in UK pound sterling. Almac Diagnostics Limited is a private limited company incorporated and domiciled in Northern Ireland. The registered address is detailed on page 1.

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

Basis of preparation

The financial statements of Almac Diagnostics Limited have been prepared on the going concern basis and in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU), the Companies Act 2006 applicable to companies reporting under IFRS, and IFRIC interpretations. The financial statements have been prepared under the historical cost convention.

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

New standards, amendments and interpretations effective in the year to 30 September 2012

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

		Effective date
International Accounting Standards (IASs/IFRSs)		
IFRS 7 (amendment)	Financial instruments: Transfer of financial assets	1 July 2011
IAS 24 (revised)	Related party disclosures	1 January 2011
International Financial Reporting Interpretation Committee (IFRIC) Interpretations		
IFRIC 14	Prepayments of a minimum funding requirement	1 January 2011

None of these new and amended standards had any material impact on the company.

Notes to the financial statements for the year ended 30 September 2012

1 Accounting policies (continued)

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

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

International Accounting Standards (IASs/IFRSs)

		Effective date
IAS 1 (amendment)*	Financial statement presentation	1 January 2013
IAS 12 (amendment)*	Income taxes	1 January 2013
IAS 19 (revised)*	Employee benefits	1 January 2013
IAS 27 (revised 2011)*	Separate financial statements	1 January 2013
IAS 28 (revised 2011)*	Investments in associates and joint ventures	1 January 2013
IAS 32 (amendment)*	Financial instruments – Presentation	1 January 2015
IFRS 1(amendment)*	First time adoption	1 January 2015
IFRS 9*	Financial instruments - Classification and measurement	1 January 2013
IFRS 10*	Consolidated financial statements	1 January 2013
IFRS 11*	Joint arrangements	1 January 2013
IFRS 12*	Disclosures of interests in other entities	1 January 2013
IFRS 13*	Fair value measurement	1 January 2013

International Financial Reporting Interpretation Committee (IFRIC) Interpretations

IFRIC 20	Stripping costs in the production phase of a service mine	1 January 2013

* - not yet adopted by the EU

Intangible assets – computer software

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

Capitalised software development costs include external direct costs of material and services together with direct labour costs relating to software development . Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the company are recognised as intangible assets when the following criteria are met:

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

Property, plant and equipment

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 company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial year in which they are incurred.

Notes to the financial statements for the year ended 30 September 2012

1 Accounting policies (continued)

Property, plant and equipment (continued)

For all 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 over the life of the project, whichever is earlier. The principal annual rates used are as follows:

Leasehold improvements	-	over the lease term
Laboratory equipment	-	5 – 25%
Computer equipment	-	20%
Fixtures and fittings	-	10%

No depreciation is charged on land or assets under construction. The assets' residual values and useful economic lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are included within administrative expenses in the income statement.

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.

Financial assets

The company classifies all its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. 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 company's loans and receivables comprise 'trade and other receivables' and cash and cash equivalents in the balance sheet.

Impairment of financial assets

The company 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.

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 is reduced and the amount of the loss is recognised in the Income Statement.

Cash and cash equivalents

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

Notes to the financial statements for the year ended 30 September 2012

1 Accounting policies (continued)

Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Certain comparative balances have been reclassified in order to present a fairer comparison with the current year. Amounts owed related parties of £400,000 as at 30 September 2011 has been reclassified from "Borrowings" in non current liabilities to "Trade and other payables" in current liabilities. This reclassification did not change reported income for the year ended 30 September 2011 nor equity as at 30 September 2011

Borrowings

Borrowings are recognised initially at fair value, net of direct issue costs and subsequently measured at amortised cost. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis to the income statement using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise. Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

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.

Certain comparative balances have been reclassified in order to present a fairer comparison with the current year. Amounts owed to group undertakings of £32,741,427 as at 30 September 2011 has been reclassified from "Trade and other payables" in current liabilities to "Borrowings" in current liabilities. This reclassification did not change reported income for the year ended 30 September 2011 nor equity as at 30 September 2011.

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.

Leased assets (continued)

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

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.

Research and development

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

Notes to the financial statements for the year ended 30 September 2012

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 country where the company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or 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, except where the timing of the reversal of the temporary difference is controlled by the company and it is probable that the temporary difference will not reverse in the foreseeable future.

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 of different taxable entities where there is an intention to settle the balances on a net basis.

Amounts paid by, or amounts received by, the company in respect of group relief that represent the tax benefit surrendered/received are recorded as an income tax expense/credit in the statement of comprehensive income. Where the amounts paid by, or amounts received by, the company exceed the tax benefit surrendered/received, the excess is recorded directly in equity as a movement in other comprehensive income.

Grants

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

Revenue recognition

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

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

Notes to the financial statements for the year ended 30 September 2012

1 Accounting policies (continued)

Pension obligations

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

Foreign currency translation

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

Share-based payments

The company issues cash-settled phantom share-based payments to certain employees of the company for their services to the company. The company accounts for these phantom share based payments as cash-settled phantom share-based payments which are measured at fair value and recognised as an expense in the income statement with a corresponding increase in liabilities 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 company's estimate of the number of awards which will lapse due to employees leaving the company prior to vesting. The total amount recognised in the income statement as an expense is adjusted to reflect the actual amount of awards that are expected to vest, except where forfeiture is due to employee's termination of contract..

2 Revenue

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

3 Financial risk management

Financial risk factors

The company's operations expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. Interest-bearing assets consist of short-term bank deposits and receivables from related undertakings outside the United Kingdom. Interest-bearing liabilities consist of bank overdrafts, amounts owed to related parties and payables to related undertakings outside the United Kingdom. The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company by monitoring the foregoing risks.

(a) Market risk

(i) Foreign exchange risk

While the greater part of the company's revenues and expenses are denominated in UK pound 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.

Notes to the financial statements for the year ended 30 September 2012

3 Financial risk management (continued)

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:

	2012		2011	
	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	**(116)**	**(116)**	(31)	(31)
US dollar strengthens by 10% against UK pound	**+141**	**+141**	+38	+38

(ii) Interest rate risk

The company's interest rate risk arises mainly from current borrowings, overdrafts and loans from related parties. Borrowings issued at variable rates expose the company to interest rate risk. Company policy is to maintain a mix of interest free advances and loans from group companies, variable interest rate borrowings from related parties and external overdraft facilities. This approach limits the company's exposure to external interest rate fluctuations to a significantly lower level than could be achieved if its funding needs were met externally.

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

	2012		2011	
	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%	**(299)**	**(299)**	(246)	(246)
Interest rates decrease by 1%	**+299**	**+299**	+246	+246

(b) Credit risk

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

(c) Liquidity risk

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

4 Capital risk management

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

Notes to the financial statements for the year ended 30 September 2012

5 Finance costs - net

	2012 £	2011 £
Interest expense:		
Interest payable on bank borrowings	(70,065)	(31)
Interest payable to related parties	(845,191)	(853,301)
Other finance costs	-	(9,384)
Finance costs	(915,256)	(862,716)
Interest income:		
Interest on bank deposits	-	60
Interest receivable from related parties	30,871	3,030
Other finance income	4,353	-
Finance income	35,224	3,090
Finance costs – net	(880,032)	(859,626)

6 Expenses by nature

	2012 £	2011 £
Raw materials and consumables used	1,680,914	1,227,914
Employee benefits expense (note 7)	3,711,660	3,616,799
Depreciation and amortisation	942,288	726,887
Operating lease payments	194,611	196,513
Transfer from capital grant reserve	(243,940)	(166,535)
Revenue grants	(236,135)	(923,193)
Other expenses	2,580,429	2,499,243
Total cost of sales, distribution costs, administrative expenses and research and development expenditure	8,629,827	7,177,628

Services provided by the auditors and network firms

During the year the company obtained the following services from the company's auditors:

	2012 £	2011 £
Fees payable to the company's auditors for the audit	6,275	6,150
Fees payable to company's auditors and its associates for other services:		
- other services pursuant to legislation	2,933	2,585
- tax services	2,300	2,300
- other services	2,153	-

Notes to the financial statements for the year ended 30 September 2012

7 Employees and directors

	2012 £	2011 £
Staff costs during the year:		
Wages and salaries	**3,202,730**	3,082,699
Social security costs	**351,078**	342,079
Other pension costs – defined contribution	**126,986**	132,151
Share based payment costs	**30,866**	59,870
	3,711,660	3,616,799

	2012 Number	2011 Number
Average monthly number of persons employed (including directors) during the year by activity:		
Operations	**35**	27
Selling	**6**	6
Administration	**15**	12
Research and development	**21**	26
	77	71

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

Key management compensation	2012 £	2011 £
Aggregate emoluments	**187,973**	169,457
Pension costs – defined contribution plans	**10,799**	10,476

Director – highest paid director	2012 £	2011 £
Aggregate emoluments	**167,821**	152,240
Pension costs – defined contribution plans	**10,799**	10,476

One director (2011: one) has retirement benefits accruing under a money purchase scheme. One director (2011: one) has exercised phantom share options in the year.

Notes to the financial statements for the year ended 30 September 2012

8 Income tax credit

	2012 £	2011 £
Current tax		
Group relief receivable		
- Current year	**(1,213,212)**	(1,298,440)
- Adjustments in respect of previous periods	**-**	(67,258)
Income tax credit	**(1,213,212)**	(1,365,698)

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

	2012 £	2011 £
Loss before income tax	**(4,511,840)**	(3,922,226)
Loss before income tax at the UK standard rate of 25 % (2011: 27%)	**(1,127,960)**	(1,059,001)
Effects of:		
Expenses not deductible for tax purposes	**960**	33,460
Income not subject to tax	**(48,904)**	(88,773)
Adjustments in respect of prior periods	**-**	(67,258)
Enhanced research and development expenditure	**(182,129)**	(104,376)
Deferred tax not recognised	**194,318**	(24,716)
Capital grants not taxable	**(49,497)**	(55,034)
Income tax credit	**(1,213,212)**	(1,365,698)

The standard rate of corporation tax in the UK changed from 26% to 24% with effect from 1 April 2012. Accordingly, the company's profits in this accounting period are taxed at an effective rate of 25% and will be taxed at 24% in the future.

Factors affecting future tax charges:

During the year, as a result of the changes in the UK main corporation tax rate to 24% that was substantively enacted on 26 March 2012 and to 23% that was substantively enacted on 3 July 2012 and that will be effective from 1 April 2012 and 1 April 2013 respectively, the relevant deferred tax balances have been re-measured.

Further reductions to the UK corporation tax rate were announced in the March 2012 Budget and December 2012 UK Autumn Statement. The proposed reduction in the corporation tax rate, which is expected to be enacted in a future period, proposes to reduce the rate by 2% to 21% by 1 April 2014. This proposed change in the corporation tax rate from 23% to 21% had not been substantively enacted at the balance sheet date and, therefore, is not recognised in these financial statements.

Notes to the financial statements for the year ended 30 September 2012

9 Intangible assets

	Computer software £
Cost	
At 1 October 2010	497,260
Additions	19,359
At 1 October 2011	516,619
Additions	5,662
At 30 September 2012	**522,281**
Accumulated amortisation	
At 1 October 2010	126,678
Charge for the year	96,129
At 1 October 2011	222,807
Charge for the year	156,073
At 30 September 2012	**378,880**
Net book amount	
At 30 September 2012	**143,401**
At 30 September 2011	293,812

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

Notes to the financial statements for the year ended 30 September 2012

10 Property, plant and equipment

	Leasehold improvements £	Laboratory equipment £	Fixtures, fittings and computer equipment $	Total £
Cost				
At 1 October 2010	5,140,679	2,250,086	544,326	7,935,091
Additions	-	262,143	8,742	270,885
Transfer from related party	-	335,147	24,633	359,780
At 1 October 2011	5,140,679	2,847,376	577,701	8,565,756
Additions	-	241,244	10,259	251,503
At 30 September 2012	**5,140,679**	**3,088,620**	**587,960**	**8,817,259**
Accumulated depreciation				
At 1 October 2010	1,879,434	1,287,300	344,096	3,510,830
Charge for the year	342,883	218,770	69,105	630,758
Transfer from related party	-	84,109	9,564	93,673
At 1 October 2011	2,222,317	1,590,179	422,765	4,235,261
Charge for the year	342,883	340,195	103,137	786,215
At 30 September 2012	**2,565,200**	**1,930,374**	**525,902**	**5,021,476**
Net book amount				
At 30 September 2012	**2,575,479**	**1,158,246**	**62,058**	**3,795,783**
At 30 September 2011	2,918,362	1,257,197	154,936	4,330,495

Depreciation expense is included within administrative expenses in the income statement

11 Trade and other receivables

	2012 £	2011 £
Trade receivables	**1,517,753**	665,082
Amounts owed by group undertakings	**433,023**	449,556
Group relief receivable	**1,213,212**	1,365,698
Other receivables	**132,604**	235,264
Prepayments and accrued income	**796,244**	787,982
	4,092,836	3,503,582

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

Notes to the financial statements for the year ended 30 September 2012

11 Trade and other receivables (continued)

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

	2012 £	2011 £
Currency		
UK pound	**1,199,375**	2,380,598
US dollar	**1,613,934**	1,028,398
Euro	**66,316**	94,586
	2,879,625	3,503,582

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable above. Trade and other receivables does not contain impaired assets.

As of 30 September 2012, trade receivables of £344,610 (2011: £153,824) were past due but not impaired. These and the other trade receivables relate to a number of multinational and large public institutions for whom there is little risk of default. The ageing analysis of these trade receivables is as follows:

	2012 £	2011 £
Up to two months overdue	**159,905**	70,015
More than two months overdue	**184,705**	83,809
	344,610	153,824

None of these trade receivables have had their terms re-negotiated. The creation and release of provisions for impaired receivables have been included in administrative expenses in the income statement.

12 Cash and cash equivalents

	2012 £	2011 £
Cash at bank and in hand	**156**	197

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

	2012 £	2011 £
Cash and cash equivalents	**156**	197
Bank overdrafts (note 14)	**(66,273)**	(22,360)
	(66,117)	(22,163)

Notes to the financial statements for the year ended 30 September 2012

13 Trade and other payables

	2012	2011
	£	£
Trade payables	**401,969**	329,733
Amounts owed to group undertakings	**671,348**	876,059
Other tax and social security	**108,515**	96,529
Accruals	**616,905**	600,465
	1,798,737	1,902,786

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

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

14 Borrowings

	2012	2011
Current	£	£
Amounts owed to related parties	**460,000**	460,000
Bank overdraft	**66,273**	22,360
Amounts owed to group undertakings	**36,826,655**	32,741,427
	37,352,928	33,223,787
Non-current		
Amounts owed to related parties	**1,792,465**	2,252,465
Total borrowings	**39,145,393**	35,476,252

Amounts owed to related parties

£2,252,465 (2011: £2,712,465) is due to The McClay Foundation. Interest is charged at UK base rate plus 2.5 per cent. The effective interest rate at the balance sheet date was 3.0% (2011: 3.0%). The remaining balance of £400,000 (2011: £400,000) is due to the immediate parent undertaking, Almac Diagnostics (2004) Limited. This balance is not interest bearing.

The fair value of 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 company has no liabilities that may be classified as held at fair value through profit and loss or derivatives used for hedging.

Maturity of financial liabilities

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

	2012	2011
	£	£
In more than one year but not more than two years	**460,000**	460,000
In more than two years but not more than five years	**1,332,465**	1,792,465
	1,792,465	2,252,465

Notes to the financial statements for the year ended 30 September 2012

14 Borrowings (continued)

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

	Bank overdraft 2012 £	Amounts owed to group undertakings 2012 £	Amounts owed to related parties 2012 £	Total 2012 £
Less than one year	**66,273**	**36,826,655**	**462,300**	**37,355,228**
In more than one year but not more than two years	-	-	**476,100**	**476,100**
In more than two years but not more than five years	-	-	**1,377,815**	**1,377,815**
	66,273	**36,826,655**	**2,316,215**	**39,209,143**

	Bank overdraft 2011 £	Amounts owed to group undertakings 2011 £	Amounts owed to related parties 2011 £	Total 2011 £
Less than one year	22,360	32,741,427	462,300	33,226,087
In more than one year but not more than two years	-		476,100	476,100
In more than two years but not more than five years	-		1,881,215	1,881,215
	22,360	32,741,427	2,819,615	35,583,402

15 Deferred income tax

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

Deferred tax assets/(liabilities)	**Tax losses £**	**Accelerated capital allowances £**	**Total £**
At 1 October 2010	825,836	(825,836)	-
Credited/(charged) to the income statement	(73,203)	73,203	-
At 1 October 2011	752,633	(752,633)	-
Credited/(charged) to the income statement	(117,402)	117,402	-
At 30 September 2012	**635,231**	**(635,231)**	**-**

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:

Deferred tax assets not recognised	**2012 £**	2011 £
Tax losses	**2,223,166**	2,354,320
Other temporary differences	**208,261**	275,276
	2,431,427	2,629,596

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.

Notes to the financial statements for the year ended 30 September 2012

16 Other non-current liabilities

	2012	2011
	£	£
Accruals	**325,545**	486,971

Maturity of non-current liabilities

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

	2012	2011
	£	£
In more than one year but not more than two years	**144,472**	192,009
In more than two years but not more than five years	**181,073**	294,962
	325,545	486,971

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

17 Deferred income

Government grants	£
At 1 October 2010	944,904
Capital grants received during the year	399,972
Released to the income statement	(166,535)
At 1 October 2011	1,178,341
Capital grants received during the year	42,994
Released to the income statement	(243,940)
At 30 September 2012	**977,395**

18 Share capital

	2012	2011
Authorised, allotted and fully paid	£	£
1,780 Class A ordinary shares of £0.10 each	**178**	178
7,920 Class B ordinary shares of £0.10 each	**792**	792
300 Class C ordinary shares of £0.10 each	**30**	30
	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.

19 Share premium account

	£
At 1 October 2010, at 30 September 2011 and at **30 September 2012**	**299,604**

Notes to the financial statements for the year ended 30 September 2012

20 Cash used in operations

	2012 £	2011 £
Loss before income tax	**(4,511,840)**	(3,922,226)
Adjustments for:		
Depreciation of property, plant and equipment	**786,215**	630,758
Amortisation of intangible assets	**156,073**	96,129
Release of capital grant	**(243,940)**	(166,535)
Finance costs	**915,256**	862,716
Finance income	**(35,224)**	(3,090)
Movement in trade and other receivables	**(758,274)**	55,832
Movement in trade and other payables	**(60,764)**	(96,530)
Net cash used in operations	**(3,752,498)**	(2,542,946)

21 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. Contributions are charged to the income statement in the year to which they relate.

Pension costs for the defined contribution scheme are as follows:

	2012 £	2011 £
Defined contribution scheme	**126,986**	132,151

Amounts owed to the pension plan as at 30 September 2012 totalled £19,774 (2011: £19,625).

22 Operating lease commitments - minimum lease payments

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

	Buildings		**Motor vehicles**	
	2012 £	2011 £	**2012** £	2011 £
No later than one year	**165,000**	165,000	**21,015**	27,600
Later than one year and no later than five years	**660,000**	660,000	**33,325**	31,367
Later than five years	**618,750**	783,750	**-**	-
	1,443,750	1,608,750	**54,340**	58,967

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 as there are no unfulfilled conditions. The company is party to an unlimited inter-company cross company guarantee in relation to group banking facilities in the United Kingdom.

Notes to the financial statements for the year ended 30 September 2012

24 Share based payments

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

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

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

Grant date	**September 2012**	September 2011
Share price at grant date	**£0.606**	£0.604
Exercise price at grant date	**-**	-
Number of employees	**3**	5
Share awards	**144,699**	174,985
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	**£0.606**	£0.604

The weighted average fair value of share awards granted during the year determined using the Black-Scholes valuation model was £ 0.606 (2011: £0.604). 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:

	2012 Number	2011 Number
Outstanding at 1 October	**555,690**	554,772
Granted	**144,699**	174,985
Cancelled	**(154,913)**	-
Exercised	**(193,529)**	(174,067)
Outstanding at 30 September	**351,947**	555,690
Exercisable on 1 January 2012/2011	**121,440**	193,529

The weighted average share price of share awards exercised in the year was £ 0.606 (2011: £0.604).

Notes to the financial statements for the year ended 30 September 2012

24 Share based payments (continued)

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

	2012 Number	2011 Number
2012	-	193,529
2013	**121,440**	187,176
2014	**113,902**	174,985
2015	**116,605**	-

The total expense recognised in the income statement was £30,866 (2011: £59,870) and the year end liability is £213,280 (2011: £355,637).

25 Ultimate controlling party and related party transactions

The immediate parent undertaking of the company is 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. Group financial statements for this company are not prepared.

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

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

At the balance sheet date, the ultimate controlling parties are the trustees of the Allen J McClay (Almac) Discretionary Settlement.

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

	2012 £	2011 £
Sales to related parties	-	-
Purchases from related parties	**424,066**	168,449
Management charge paid	**794,891**	613,742
Interest receivable from related parties	**30,871**	3,030
Interest payable to related parties	**845,191**	853,301
Amounts owed by group undertakings	**433,024**	449,556
Amounts owed to group undertakings	**37,498,003**	33,617,486
Amounts owed to related parties	**2,252,465**	2,712,465

Details of balances owed by and to related parties are disclosed in notes 11, 13 and 14 respectively.

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

C Hayburn is a trustee of the McClay Foundation. Dr Sir Allen McClay was both the settlor and a trustee of the Foundation. At 30 September 2012, a balance of £2,252,465 (2011: £2,712,465) was owing in relation to a loan provided to the company by the McClay Foundation.