Registered number: NI 43067

Almac Diagnostics Limited

Annual report

for the year ended 30 September 2009

Almac Diagnostics Limited

Annual report for the year ended 30 September 2009

Almac Diagnostics Limited

Directors and advisers

Directors

Dr Sir Allen McClay OBE, CBE – Chairman (decreased 12 January 2010)
Professor D P Harkin
Professor P G Johnston
C Hayburn

Company secretary

C Hayburn

Registered office

Almac House
20 Seagoe Industrial Estate
Craigavon
BT63 5QD

Solicitors

McGrigors
Arnott House
12-16 Bridge Street
Belfast
BT1 1LS

Bankers

Northern Bank Limited
45-48 High Street
Portadown
BT62 1LB

Independent auditors

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

Directors' report for the year ended 30 September 2009

The directors present their report and the audited financial statements for the year ended 30 September 2009

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 of £4,516,218 during the current year, which is in line with expectations The company foresees further losses in future years, however these are anticipated as a consequence of the research programme 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 Almac Group Limited

Environment

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

Health and safety

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

Human resources

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

Results and dividends

The loss for the financial year is £4,516,218 (2008 £6,755,002) The directors do not recommend payment of a dividend (2008 £nil)

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 totalled £3 937,982 (2008 £2,796,077) and was expensed as incurred No development expenditure was incurred during the year (2008 £nil)

Directors

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

Directors' report for the year ended 30 September 2009 (continued)

Going concern

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

Donations

No donations for charitable or political purposes were made during the year (2008 £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

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

The above report has been prepared in accordance with the small companies regime of the Companies Act 2006

By order of the Board

C Hayburn
Company secretary
21 January 2010

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 elected to prepare 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,
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business

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

By order of the Board

C Hayburn
Company secretary
21 January 2010

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 2009 which comprise the income statement, statement of changes in equity, balance sheet, cash flow statement and the related notes The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union

Respective responsibilities of directors and auditors

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

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Sections 495 and 496 of the Companies Act 2006 and for no other purpose We do not, in giving these opinions accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company s affairs as at 30 September 2009 and of its loss and cash flows for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

Stephen Curragh (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Belfast
21 January 2010

Almac Diagnostics Limited

Income statement for the year ended 30 September 2009

	Notes	2009 £	2008 £
Continuing operations			
Revenue	2	**1,899,179**	672.176
Cost of sales	6	**(1,378.882)**	(898.713)
Gross profit/(loss)		**520,297**	(226.537)
Distribution costs	6	**(692,776)**	(716.109)
Administrative expenses	6	**(2,093,021)**	(2 574.924)
Research and development expenditure	6	**(3,937,982)**	(2.796.077)
Operating loss		**(6,203,482)**	(6.313.647)
Operating loss is analysed as			
EBITDA before research and development expenditure		**(1,604,335)**	(2.904,837)
Depreciation of property plant and equipment		**(626,864)**	(609.207)
Amortisation of intangible assets		**(34,301)**	(3.526)
Research and development expenditure		**(3,937,982)**	(2.796.077)
Finance costs	5	**(503,794)**	(455.964)
Finance income	5	**4,547**	14.609
Finance costs - net	5	**(499,247)**	(441.355)
Loss before income tax		**(6,702,729)**	(6.755.002)
Income tax credit	8	**2,186,511**	-
Loss for the year attributable to equity shareholders		**(4,516,218)**	(6.755 002)

Statement of changes in equity

	Share capital £	Share premium account £	Retained earnings £	Total equity £
At 1 October 2007	1 000	299,604	(13.180,163)	(12.879.559)
Loss for the year	-	-	(6 755 002)	(6,755,002)
At 1 October 2008	1.000	299 604	(19.935.165)	(19.634.561)
Loss for the year	-	-	(4.516,218)	(4.516.218)
At 30 September 2009	**1,000**	**299,604**	**(24,451,383)**	**(24,150,779)**

Balance sheet as at 30 September 2009

	Notes	2009 £	2008 £
Assets			
Non-current assets			
Intangible assets	9	**198,050**	25.674
Property, plant and equipment	10	**4,929,969**	5.169,150
Total non-current assets		**5,128,019**	5 194.824
Current assets			
Trade and other receivables	11	**3,695,164**	1 622.410
Cash and cash equivalents	12	**225**	4,157
Total current assets		**3,695,389**	1.626.567
Total assets		**8.823,408**	6 821.391
Liabilities			
Current liabilities			
Borrowings	14	**67.354**	161.045
Trade and other payables	13	**28.244,901**	21 747.496
Total current liabilities		**28,312,255**	21,908.541
Non-current liabilities			
Borrowings	14	**3,150,000**	3.164.000
Other non-current liabilities	16	**488,750**	401.547
Deferred income	17	**1,023,182**	981,864
Total non-current liabilities		**4,661,932**	4.547.411
Total liabilities		**32,974,187**	26.455,952
Equity			
Shareholders' equity			
Ordinary shares	18	**1,000**	1.000
Share premium account	19	**299,604**	299.604
Retained earnings		**(24,451.383)**	(19,935,165)
Total shareholders' equity		**(24,150,779)**	(19.634.561)
Total equity and liabilities		**8.823.408**	6,821,391

The notes on pages 10 to 26 are an integral part of these financial statements

The financial statements on pages 6 to 26 were authorised for issue by the board of directors on 21 January 2010 and were signed on its behalf by

C Hayburn

Director

Professor D P Harkin

Director

Almac Diagnostics Limited

Registered number NI 43067

Cash flow statement for the year ended 30 September 2009

	Notes	2009 £	2008 £
Cash flows from operating activities			
Cash used in operations	20	**(6,594,649)**	(6,770,819)
Interest paid		**(397,394)**	(297,418)
Net cash used in operating activities		**(6,992,043)**	(7,068,237)
Cash flows from investing activities			
Purchase of intangible assets		**(206,677)**	(19 952)
Purchase of property, plant and equipment		**(387,683)**	(311,661)
Capital grants received		**176,009**	-
Net cash used in investing activities		**(418,351)**	(331,613)
Cash flows from financing activities			
Advances from related parties		**7,514,153**	7,242,903
Repayment of borrowings		**(42,000)**	(48,000)
Net cash generated from financing activities		**7,472,153**	7,194,903
Net increase/(decrease) in cash and cash equivalents		**61,759**	(204,947)
Cash, cash equivalents and overdrafts at beginning of the year		**(108,888)**	96,059
Cash, cash equivalents and overdrafts at end of the year	12	**(47,129)**	(108,888)

Notes to the financial statements for the year ended 30 September 2009

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 Almac Diagnostics Limited is a private limited company incorporated 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

These financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union. IFRIC interpretations and the Companies Act 2006 applicable to companies reporting under IFRS These financial statements have been prepared under the historical cost convention

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

Standards, amendments and interpretations effective in the year to 30 September 2009

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

International Financial Reporting Interpretation Committee (IFRIC) Interpretations

		Effective date
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
IFRIC 16	Hedges of a net investment in a foreign operator	1 October 2008

None of the IFRIC interpretations has any material impact on these financial statements

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
IFRS 1 (amendment)	First time adoption of IFRS	1 January 2009
IFRS 2 (amendment)	Share based payments	1 January 2009
IFRS 3 (revised)	Business combinations	1 July 2009
IFRS 5 (amendment)	Non-current assets held for sale and discontinued operations	1 January 2010
IFRS 7 (amendment)	Financial instruments - Disclosures	1 January 2009
IFRS 8	Operating segments	1 January 2009
IAS 1 (revised)	Presentation of financial statements	1 January 2009
IAS 1 (amendment)	Presentation of financial statements	1 January 2010
IAS 23 (revised)	Borrowing costs	1 January 2009
IAS 27 (revised)	Consolidated and separate financial statements	1 July 2009
IAS 32 (amendment)	Financial instruments Presentation	1 January 2009
IAS 38 (amendment)	Intangible assets	1 July 2009
IAS 39 (amendment)	Financial instruments Recognition and measurement on eligible hedged items	1 July 2009

1 Accounting policies (continued)

International Financial Reporting Interpretation Committee (IFRIC) Interpretations

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

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

IFRS 7 'Financial instruments - Disclosures' (amendment) – effective 1 January 2009 The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy

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

Intangible assets – computer software

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

Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation

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

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 depreciation 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 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 or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within administrative expenses in the income statement

Financial assets

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

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market They are included in current assets, except for maturities greater than 12 months after the balance sheet date These are classified as non-current assets The company's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents in the balance sheet

1 Accounting policies (continued)

Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment A provision for impairment is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables Subsequent recoveries of amounts previously written off are credited against the income statement

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

Borrowings

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

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date

Leased assets

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease

Current and deferred income tax

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date 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 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

1 Accounting policies (continued)

Grants

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

Research and development

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

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of services in the ordinary course of the company's activities Revenue is shown net of value-added tax, 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 completion of the service, when results of testing performed has been returned to the client

The company uses the percentage-of-completion method in accounting for its fixed price contracts to deliver services Use of the percentage-of-completion method requires the company to estimate the services performed to date as a proportion of the total services to be performed

Foreign currency translation

Items included in the financial statements 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 translated into the functional currency at the exchange rate ruling on the dates of the transactions All monetary assets and liabilities denominated in foreign currency are translated at the rate of exchange ruling at the balance sheet date

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

Pension obligations

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

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 market risk (including currency 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, subordinated loans 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

Market risk

(i) Foreign exchange risk

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

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

	2009		2008	
	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 GBP	**+144**	**+144**	+5	+5
US dollar strengthens by 10% against GBP	**-118**	**-118**	-4	-4

(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

	2009		2008	
	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%	**+138**	**+138**	+39	+39
Interest rates decrease by 1%	**-138**	**-138**	-39	-39

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

3 Financial risk management (continued)

Liquidity risk

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

4 Capital risk management

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

5 Finance costs - net

	2009	2008
	£	£
Interest expense		
Interest payable on bank borrowings	-	(209)
Interest payable to related parties	**(447,334)**	(412.253)
Other finance costs	**(56,460)**	(43.502)
Finance costs	**(503,794)**	(455.964)
Interest income		
Interest on bank deposits	**15**	267
Interest receivable from related parties	**4,532**	14.342
Finance income	**4,547**	14.609
Finance costs – net	**(499,247)**	(441 355)

6 Expenses by nature

	2009	2008
	£	£
Raw materials and consumables used	**892,643**	500.257
Staff costs (note 7)	**3,129,009**	2.631.524
Depreciation and amortisation	**661,165**	612.733
Operating lease payments	**207,450**	205.016
Transfer from capital grant reserve	**(134,691)**	(132.973)
Revenue grants	**(192,133)**	(269.407)
Other expenses	**3,539,218**	3.438.673
Total cost of sales, distribution costs, administrative expenses and research and development expenditure	**8,102,661**	6.985.823

6 Expenses by nature (continued)

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.

	2009 £	2008 £
Fees payable to the company's auditor for the audit	**6,950**	7,131
Fees payable to company's auditor and its associates for other services		
- other services pursuant to legislation	**2,652**	3,204
- tax services	**2,300**	4,646

7 Employees and directors

	2009 £	2008 £
Staff costs during the year		
Wages and salaries	**2,759,203**	2,330,621
Social security costs	**273,158**	223,961
Other pension costs – defined contribution	**96,648**	76,942
	3,129,009	2,631,524

	2009 Number	2008 Number
Average monthly number of persons employed (including directors) during the year by activity.		
Operations	**14**	12
Selling	**7**	8
Administration	**8**	9
Research and development	**33**	26
	62	55

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

Directors	2009 £	2008 £
Aggregate emoluments	**120,636**	96,082
Company pension contributions to money purchase schemes	**8,112**	6,041

One director (2008 one) has retirement benefits accruing under a money purchase scheme

8 Income tax credit

	2009 £	2008 £
Current tax		
Group relief receivable	**2,186.511**	-
Deferred tax		
Origination and reversal of temporary differences	-	-
Income tax credit	**2,186,511**	-

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 28% (2008 28%) The differences are explained below

	2009 £	2008 £
Loss on ordinary activities before taxation	**(6,702,729)**	(6.755.002)
Loss on ordinary activities before taxation at the UK standard rate of 28% (2008 28%)	**(1.876,764)**	(1.891.401)
Effects of		
Expenses not deductible for tax purposes	**9,188**	6,677
Income not subject to tax	**(106,398)**	(888)
Enhanced research and development expenditure	**(259,817)**	(223.027)
Deferred tax not recognised	**84,993**	46.982
Group relief not paid for	-	2.098.989
Capital grants not taxable	**(37,713)**	(37,332)
Income tax credit	**(2,186,511)**	-

9 Intangible assets

	Computer software £
Cost	
At 1 October 2008	31,504
Additions	206.677
At 30 September 2009	**238,181**
Accumulated amortisation	
At 1 October 2008	5,830
Charge for the year	34,301
At 30 September 2009	**40,131**
Net book value	
At 30 September 2009	**198,050**

9 Intangible assets (continued)

	Computer software £
Cost	
At 1 October 2007	11,552
Additions	19,952
At 30 September 2008	**31,504**
Accumulated amortisation	
At 1 October 2007	2,304
Charge for the year	3.526
At 30 September 2008	**5,830**
Net book value	
At 30 September 2008	**25,674**

Amortisation is included within administrative expenses in the income statement

10 Property, plant and equipment

	Leasehold improvements £	Laboratory equipment £	Computer equipment £	Office equipment £	Total £
Cost					
At 1 October 2008	5.140 679	1.966.764	360.279	43,695	7.511.417
Additions	-	273 255	112.254	2.174	387.683
At 30 September 2009	**5,140.679**	**2,240,019**	**472,533**	**45,869**	**7,899,100**
Accumulated depreciation					
At 1 October 2008	1,193.668	915 600	217,729	15.270	2.342.267
Charge for the year	342.883	208.595	70,912	4.474	626.864
At 30 September 2009	**1,536.551**	**1,124,195**	**288,641**	**19,744**	**2,969,131**
Net book value					
At 30 September 2009	**3.604,128**	**1,115,824**	**183,892**	**26,125**	**4,929,969**

10 Property, plant and equipment (continued)

	Leasehold improvements £	Laboratory equipment £	Computer equipment £	Office equipment £	Total £
Cost					
At 1 October 2007	5.017.072	1,789.174	354 059	39,451	7.199 756
Additions	123.607	177,590	6.220	4.244	311 661
At 30 September 2008	**5,140,679**	**1,966,764**	**360,279**	**43,695**	**7,511,417**
Accumulated depreciation					
At 1 October 2007	852.159	722.893	146.945	11.063	1,733.060
Charge for the year	341.509	192.707	70.784	4,207	609,207
At 30 September 2008	**1.193,668**	**915.600**	**217,729**	**15,270**	**2,342,267**
Net book value					
At 30 September 2008	**3,947,011**	**1,051.164**	**142,550**	**28,425**	**5,169.150**

Borrowings of £20 000 are secured on laboratory and computer equipment (note 14)

Depreciation is included within administrative expenses in the income statement

11 Trade and other receivables

	2009 £	2008 £
Amounts falling due within one year·		
Trade receivables	**871,114**	389,325
Less Provision for impairment of receivables	-	-
Trade receivables (net)	**871,114**	389.325
Amounts owed by group undertakings	**432,353**	1.059.645
Group relief receivable	**2,186,511**	-
Other receivables	**73,518**	76.373
Prepayments and accrued income	**131,668**	97.067
	3,695,164	1.622 410

The fair values of trade and other receivables are not materially different from their carrying value For the purposes of IFRS 7, all of the company s financial assets are classified as loans and receivables The company has no assets that may be classified as held at fair value through profit and loss, derivatives used for hedging or available-for-sale

11 Trade and other receivables (continued)

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

	2009	2008
	£	£
Currency		
UK pound	**3,016,707**	1,308,978
US dollar	**540,624**	250,719
Euro	**137,833**	62,713
	3,695,164	1,622,410

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

As of 30 September 2009, trade receivables of £153,116 (2008 £205,541) were past due but not impaired These relate to a number of large public institutions for whom there is little risk of default The ageing analysis of these trade receivables is as follows

	2009	2008
	£	£
Up to 2 months overdue	**17,878**	94,437
More than 2 months overdue	**135,238**	111,104
	153,116	205,541

12 Cash and cash equivalents

	2009	2008
	£	£
Cash and cash equivalents		
Cash at bank and in hand	**225**	4,157

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

	2009	2008
	£	£
Cash and cash equivalents	**225**	4,157
Bank overdrafts	**(47,354)**	(113 045)
	(47,129)	(108,888)

13 Trade and other payables

	2009	2008
	£	£
Trade payables	419,721	552,345
Amounts owed to group undertakings	26,820,601	19,921 519
Amounts owed to other related parties	12,901	10,229
Other tax and social security	95,345	79,178
Other creditors	-	14,147
Accruals	896,333	1 170,078
	28,244,901	21,747,496

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 Financial liabilities – Borrowings

Current	2009	2008
	£	£
Other loans - secured (a)	20,000	48,000
Bank overdraft	47,354	113,045
	67,354	161,045

Non-current	2009	2008
	£	£
Other loans - secured (a)	-	14,000
Subordinated loans (b)	3,150,000	3,150,000
	3,150,000	3,164,000

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

(b) £2,750,000 (2008 £2,750,000) is due to The McClay Foundation Interest is charged at base rate plus 2 5 per cent The loan agreement was revised during 2008 so as to postpone the next capital payment until November 2010 The impact of the revised agreement on the maturity profile of non-current borrowings is disclosed below The remaining balance 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, the financial liabilities noted above are classified as other financial liabilities The company has no liabilities that may be classified as held at fair value through profit and loss or derivatives used for hedging

The effective interest rate at the balance sheet date was 1 75% (2008 6%)

14 Financial liabilities – Borrowings (continued)

Maturity of financial liabilities

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

	2009 £	2008 £
In more than one year but not more than two years	460,000	14,000
In more than two years but not more than five years	1,380,000	1,380,000
In more than five years	1,310,000	1,770,000
	3,150,000	3,164,000

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

	Bank overdraft 2009 £	Other loans 2009 £	Subordinated loans 2009 £	Total 2009 £
Less than one year	47,354	20,600	-	67,954
In more than one year but not more than two years	-	-	474,950	474,950
In more than two years but not more than five years	-	-	1,468,200	1,468,200
More than five years	-	-	1,545,800	1,545,800
	47,354	20,600	3,488,950	3,556,904

	Bank overdraft 2008 £	Other loans 2008 £	Subordinated loans 2008 £	Total 2008 £
Less than one year	113,045	49,440	-	162,485
In more than one year but not more than two years	-	14,420	-	14 420
In more than two years but not more than five years	-	-	1,690,500	1,690,500
More than five years	-	-	2,556,500	2,556,500
	113,045	63,860	4,247,000	4,423,905

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	Tax losses £
At 1 October 2007	1,063,680
Charged to the income statement	(104,983)
At 1 October 2008	958,697
Charged to the income statement	(25,017)
At 30 September 2009	**933,680**

15 Deferred income tax (continued)

Deferred tax liabilities	Accelerated capital allowances £
At 1 October 2007	(1,063.680)
Credited to the income statement	104 983
At 1 October 2008	(958 697)
Credited to the income statement	25.017
At 30 September 2009	**(933.680)**

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	2009 £	2008 £
Tax losses	**2.546,108**	2 521.091
Other temporary differences	**293,236**	254.388
	2.839,344	2.775,479

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

16 Other non-current liabilities

	2009 £	2008 £
Accruals	**488,750**	401.547

Maturity of non-current liabilities

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

	2009 £	2008 £
In more than one year but not more than two years	**146,180**	100.966
In more than two years but not more than five years	**342,570**	300.581
	488,750	401,547

17 Deferred income

	Government grants £
At 1 October 2007	1.114,837
Released to the income statement	(132.973)
At 1 October 2008	981.864
Additions	176,009
Released to the income statement	(134.691)
At 30 September 2009	**1,023,182**

18 Called up share capital

Authorised	2009 £	2008 £
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

Issued and fully paid	2009 £	2008 £
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 2008 and **30 September 2009**	299,604

20 Cash used in operations

	2009 £	2008 £
Loss before taxation	(6,702,729)	(6,755,002)
Adjustment for		
Depreciation of property, plant and equipment	626,864	609,207
Amortisation of intangible assets	34,301	3,526
Release of capital grant	(134,691)	(132,973)
Interest expense	503,794	455,964
Interest receivable	(4,547)	(14,609)
Decrease/(increase) in trade and other receivables	113,757	(1,159,706)
(Decrease)/increase in trade and other payables	(1,031,398)	222,774
Net cash used in operations	(6,594,649)	(6,770 819)

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

Pension costs for the defined contribution scheme are as follows

	2009 £	2008 £
Defined contribution scheme	96,648	76,942

22 Capital and other financial commitments

	2009 £	2008 £
Contracts placed for future property, plant and equipment expenditure not provided in the financial statements	-	-

23 Operating lease commitments - minimum lease payments

	Buildings		Motor vehicles	
	2009 £	2008 £	2009 £	2008 £
The future aggregate minimum lease payments under non-cancellable operating leases are as follows:				
No later than one year	165,000	165.000	28,259	30,110
Later than one year and no later than five years	660,000	660.000	34,768	14,814
Later than five years	1,320,000	1 485.000	-	-
	2,145,000	2.310.000	63,027	44,924

24 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

25 Ultimate controlling party and related party transactions

The immediate parent undertaking of the company at 30 September 2009 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 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 the registered office

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

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

25 Ultimate controlling party and related party transactions (continued)

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

	2009 £	2008 £
Sales to related parties	87,441	-
Purchases from related parties	169,457	29,762
Management charge paid	939,939	1,050,248

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 2009, a balance of £2 750,000 (2008 £2,750,000) was owing in relation to a loan provided to the company by the McClay Foundation