Registered number NI 043067

Almac Diagnostics Limited
Annual report and financial statements
for the year ended 30 September 2010

Almac Diagnostics Limited

Annual report and financial statements for the year ended 30 September 2010

Contents

Dırectors and advısers

Dırectors

Dr Sır Allen McClay OBE CBE – Chaırman (deceased 12 January 2010)
Professor D P Harkın
Professor P G Johnston
C Hayburn
A D Armstrong (appoınted 8 January 2010)

Company secretary

C Hayburn

Regıstered office

Almac House
20 Seagoe Industrıal Estate
Craıgavon
Countv Armagh
BT63 5QD

Solıcıtors

McGrıgors LLP
Arnott House
12 16 Brıdge Street
Belfast
BT1 1LS

Bankers

Northern Bank Lımıted
45 48 Hıgh Street
Portadown
BT62 1LB

Independent audıtors

PrıcewaterhouseCoopers LLP
Chartered Accountants and Statutorv Audıtors
Waterfront Plaza
8 Laganbank Road
Belfast
BT1 3LR

Directors' report for the year ended 30 September 2010

The directors present their report and the audited financial statements of the company for the year ended 30 September 2010

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 tax of £6 174 128 (2009 £6 702 729) 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

Key performance indicators (KPIs)

Given the straightforward nature of the business the company s directors are of the opinion that analysis using KIPs 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 for the financial year is £4 208 957 (2009 £4 516 218) The directors do not recommend payment of a dividend (2009 £nil)

Directors' report for the year ended 30 September 2010

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 £3 085 189 (2009 £3 937 982) and was expensed as incurred No development expenditure was incurred during the year (2009 £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 within 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

By order of the board

C Hayburn
Company secretary
21 January 2011

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 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

By order of the board

C Hayburn
Company secretary
21 January 2011

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 2010 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 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

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 2010 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 2011

Income statement for the year ended 30 September 2010

	Note	2010 £	2009 £
Continuing operations			
Revenue	2	**2 270 946**	1 899 179
Cost of sales	6	**(1 685 724)**	(1 378 882)
Gross profit		**585 222**	520 297
Distribution costs	6	**(572 559)**	(692 776)
Administrative expenses	6	**(2 388 837)**	(2 093 021)
Research and development expenditure	6	**(3 085 189)**	(3 937 982)
Operating loss		**(5 461 363)**	(6 203 482)
Operating loss is analysed as			
Operating loss before depreciation amortisation and R & D (EBITDA)		**(1 637 112)**	(1 604 335)
Depreciation of property plant and equipment		**(652 515)**	(626 864)
Amortisation of intangible assets		**(86 547)**	(34 301)
Research and development expenditure		**(3 085 189)**	(3 937 982)
Finance costs	5	**(714 093)**	(503 794)
Finance income	5	**1 328**	4 547
Finance costs net	5	**(712 765)**	(499 247)
Loss before income tax		**(6 174 128)**	(6 702 729)
Income tax credit	8	**1 965 171**	2 186 511
Loss for the year attributable to owners of the company		**(4 208 957)**	(4 516 218)

The notes on pages 10 to 29 are an integral part of these financial statements

There is no other comprehensive income for the year (2009 $nil)

Statement of changes in equity for the year ended 30 September 2010

	Share capital £	Share premium account £	Retained earnings £	Total equity £
At 1 October 2008	1 000	299 604	(19 935 165)	(19 634 561)
Loss for the year and total comprehensive expense			(4 516 218)	(4 516 218)
At 1 October 2009	1 000	299 604	(24 451 383)	(24 150 779)
Loss for the year and total comprehensive expense			(4 208 957)	(4 208 957)
At 30 September 2010	**1 000**	**299 604**	**(28 660 340)**	**(28 359 736)**

The notes on pages 10 to 29 are an integral part of these company financial statements

Almac Diagnostics Limited

Balance sheet as at 30 September 2010

	Note	2010 £	2009 £
Assets			
Non current assets			
Intangible assets	9	**370 582**	198 050
Property plant and equipment	10	**4 424 261**	4 929 969
Total non current assets		**4 794 843**	5 128 019
Current assets			
Trade and other receivables	11	**4 268 376**	3 695 164
Cash and cash equivalents	12	**207**	225
Total current assets		**4 268 583**	3 695 389
Total assets		**9 063 426**	8 823 408
Liabilities			
Current liabilities			
Borrowings	14	**475 637**	67 354
Trade and other payables	13	**32 350 121**	27 822 436
Total current liabilities		**32 825 758**	27 889 790
Non current liabilities			
Borrowings	14	**3 112 465**	3 572 465
Other non current liabilities	16	**540 035**	488 750
Deferred income	17	**944 904**	1 023 182
Total non current liabilities		**4 597 404**	5 084 397
Total liabilities		**37 423 162**	32 974 187
Equity			
Capital and reserves attributable to owners of the company			
Share capital	18	**1 000**	1 000
Share premium account	19	**299 604**	299 604
Retained earnings		**(28 660 340)**	(24 451 383)
Total equity		**(28 359 736)**	(24 150 779)
Total equity and liabilities		**9 063 426**	8 823 408

The notes on pages 10 to 29 are an integral part of these financial statements

The financial statements on pages 6 to 29 were authorised for issue by the board of directors on 21 January 2011 and were signed on its behalf by

C Hayburn (director)

Professor D P Harkin (director)

Cash flow statement for the year ended 30 September 2010

	Note	2010 £	2009 £
Cash flows from operating activities			
Cash used in operations	20	**(5 601 222)**	(6 594 649)
Interest paid		**(612 974)**	(397 394)
Net cash used in operating activities		**(6 214 196)**	(6 992 043)
Cash flows from investing activities			
Purchase of intangible assets		**(259 079)**	(206 677)
Purchase of property plant and equipment		**(183 303)**	(387 683)
Capital grants received		**251 217**	176 009
Net cash used in investing activities		**(191 165)**	(418 351)
Cash flows from financing activities			
Advances from related parties		**6 457 060**	7 514 153
Repayment of borrowings		**(20 000)**	(42 000)
Net cash generated from financing activities		**6 437 060**	7 472 153
Net increase in cash and cash equivalents		**31 699**	61 759
Cash cash equivalents and bank overdrafts at beginning of the year		**(47 129)**	(108 888)
Cash cash equivalents and bank overdrafts at end of the year	12	**(15 430)**	(47 129)

The notes on pages 10 to 29 are an integral part of these financial statements

Notes to the financial statements for the year ended 30 September 2010

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 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

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 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 2010

During the year the following standards amendments and interpretations became effective

		Effective date
International Accounting Standards (IASs/IFRSs)		
IFRS 1 (revised)	First time adoption of IFRS	1 January 2009
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 7 (amendment)	Financial instruments Disclosures	1 January 2009
IFRS 8	Operating segments	1 January 2009
IFRS 9*	Financial instruments	1 January 2009
IAS 1 (revised)	Presentation of financial statements	1 January 2009
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
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

* not yet adapted by the European Union

The following standards are mandatory and applicable for the first time for the year beginning 1 October 2009 the remaining standards are not currently relevant to the company

IFRS 3(revised) Business combinations – effective 1 July 2009 The revised standard continues to apply the acquisition method to business combinations but with some significant changes compared with IFRS 3 For example all payments to purchase a business are recorded at fair value at acquisition date with contingent payments classified as debt subsequently re measured through the statement of comprehensive income There is a choice on an acquisition by acquisition basis to measure the non controlling interest in the acquiree either at fair value or at the non controlling interest s proportionate share of the acquiree s net assets All acquisition related costs are expensed The company is aware of the changes to the standard and will apply these prospectively

Notes to the financial statements for the year ended 30 September 2010

1 Accounting policies (continued)

New standards amendments and interpretations effective in the year to 30 September 2010 (continued)

IFRS 7 (amendment) Financial instruments Disclosures – 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 The company has applied this previously and no changes have been considered necessary to the presentation or disclosure of financial instruments

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 changes in accounting policy will only impact presentation aspects there will be no impact on the company s results

IAS 23 (revised) Borrowing costs – effective 1 January 2009 This revised standard results from a joint short term convergence project with the FASB It requires an entity to capitalise borrowing costs directly attributable to the acquisition construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset The option of immediately expensing those borrowing costs has been removed This treatment is consistent with prior policy and has no impact on company s accounting policies

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)

		Effective date
International Accounting Standards (IASs/IFRSs)		
IFRS 1 (amendment)	First time adoption of IFRS	1 January 2010
IFRS 1 (amendment)	First time adoption of IFRS additional exemptions	1 July 2010
IFRS 2 (amendment)	Share based payments Group cash settled share based payment transactions	1 January 2010
IFRS 7 (amendment)	Financial instruments – Disclosures on de recognition	1 January 2011
IAS 1 (amendment)	Presentation of financial statements	1 January 2010
IAS 24 (revised)	Borrowing costs	1 January 2011
IAS 32 (amendment)	Financial instruments Presentation	1 February 2010
International Financial Reporting Interpretation Committee (IFRIC) Interpretations		
IFRIC 14	IAS 19 – Prepayments of a minimum funding requirement	1 January 2011
IFRIC 18	Transfer of assets from customers	31 October 2010
IFRIC 19	Extinguishing financial liabilities with equity instruments	1 January 2010

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

IAS 1 (amendment) Presentation of financial statements effective 1 January 2010 The amendment is part of the IASB s annual improvements project published in April 2009 The amendment provides clarification that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non current By amending the definition of current liability the amendment permits a liability to be classified as non current (provided the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time The company will apply IAS 1 (amendment) from 1 October 2010 It is not expected to have a material impact on the company s financial statements

Notes to the financial statements for the year ended 30 September 2010

1 Accounting policies (continued)

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

IFRS 2 (amendment) Share based payments Group cash settled share based payment transactions effective from 1 January 2010 In addition to incorporating IFRIC 8 Scope of IFRS 2 and IFRIC 11 IFRS 2 – Group and treasury share transactions the amendments expand on the guidance in IFRIC 11 to address the classification of group arrangements that were not covered by that interpretation The company will apply IFRS 2 (amendment) from 1 January 2010 It is not expected to have a material impact on the company s financial statements

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 and an appropriate portion of directly attributable overheads 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 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 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 the 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

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

Notes to the financial statements for the year ended 30 September 2010

1 Accounting policies (continued)

Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business If collection is expected in one year or less (or in the normal operating cycle of the business if longer) they are classified as current assets If not they are presented as noncurrent assets

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment

Cash and cash equivalents

In the 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

Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinarv course of business from suppliers Accounts pavable 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 pavables are recognised initiallv 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 pavable 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 companv 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

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 pavments 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 propertv 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 2010

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

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

[illegible]

Notes to the financial statements for the year ended 30 September 2010

1 Accounting policies (continued)

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 Sterling which is the company s functional and presentation currency

Foreign currency transactions are translated in 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

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

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 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

Notes to the financıal statements for the year ended 30 September 2010

3 Fınancıal rısk management

Fınancıal rısk factors

The company s operatıons expose ıt to a varıety of financıal rısks market rısk (ıncludıng foreıgn exchange rısk and ınterest rate rısk) credıt rısk and lıquıdıtv rısk Interest bearıng assets consıst of short term bank deposıts and receıvables from related undertakıngs outsıde the Unıted Kıngdom Interest bearıng lıabılıtıes consıst of bank overdrafts subordınated loans and payables to related undertakıngs outsıde the Unıted Kıngdom The company has ın place a rısk management programme that seeks to lımıt the adverse effects on the financıal performance of the company by monıtorıng the foregoıng rısks

Market rısk

(ı) Foreıgn exchange rısk

Whıle the greater part of the companv s revenues and expenses are denomınated ın sterlıng the company ıs exposed to foreıgn exchange rısk ın the normal course of busıness Whıle the company has not used financıal ınstruments to date to hedge foreıgn exchange exposure thıs posıtıon ıs kept constantly under revıew

If the US dollar had weakened / strengthened bv 10 ⁄ agaınst the sterlıng spot rate on 30 September wıth all other varıables held constant the financıal statements would have been ımpacted as follows

	2010		2009	
	Impact on post tax profits £ 000	**Impact on equıty £ 000**	Impact on post tax profits £ 000	Impact on equıty £ 000
US dollar weakens by 10% agaınst GBP	**(64)**	**(64)**	(144)	(144)
US dollar strengthens by 10 ⁄ agaınst GBP	**78**	**78**	118	118

(ıı) Interest rate rısk

The company s ınterest rate rısk arıses maınlv from current borrowıngs overdrafts and loans from related partıes Borrowıngs ıssued at varıable rates expose the company to ınterest rate rısk Company polıcy ıs to maıntaın a mıx of ınterest free advances and loans from group companıes varıable ınterest rate borrowıngs from related partıes and external overdraft facılıtıes Thıs approach lımıts the company s exposure to external ınterest rate fluctuatıons to a sıgnıficantly lower level than could be achıeved ıf ıts fundıng needs were met externally

If average ınterest rates over the perıod had ıncreased / decreased by 1⁄ wıth all other varıables held constant the financıal statements would have been ımpacted as follows

	2010		2009	
	Impact on post tax profits £ 000	**Impact on equıtv £ 000**	Impact on post tax profits £ 000	Impact on equıty £ 000
Interest rates ıncrease bv 1 ⁄	**(201)**	**(201)**	(138)	(138)
Interest rates decrease bv 1⁄	**201**	**201**	138	138

Credıt rısk

The companv has ımplemented polıcıes that requıre approprıate credıt checks on potentıal customers before sales are made Credıt control assesses the credıt qualıty of the customer takıng ınto account ıts financıal posıtıon past experıence and other factors The amount of exposure to ındıvıdual customers ıs subject to lımıts whıch are reassessed regularly

Notes to the financial statements for the year ended 30 September 2010

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

	2010	2009
	£	£
Interest expense		
Interest payable to related parties	**(705 202)**	(447 334)
Other finance costs	**(8 891)**	(56 460)
Finance costs	**(714 093)**	(503 794)
Interest income		
Interest on bank deposits		15
Interest receivable from related parties	**1 328**	4 532
Finance income	**1 328**	4 547
Finance costs – net	**(712 765)**	(499 247)

Notes to the financial statements for the year ended 30 September 2010

6 Expenses by nature

	2010 £	2009 £
Raw materials and consumables used	1 066 217	892 643
Employee benefits expense (note 7)	4 205 571	3 129 009
Depreciation and amortisation	739 062	661 165
Operating lease payments	199 194	207 450
Transfer from capital grant reserve	(329 495)	(134 691)
Revenue grants	(1 295 246)	(192 133)
Other expenses	3 147 006	3 539 218
Total cost of sales distribution costs administrative expenses and research and development expenditure	7,732,309	8 102 661

Services provided bv the auditors and network firms

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

	2010 £	2009 £
Fees payable to the company s auditor for the audit	6 150	6 950
Fees payable to company s auditor and its associates for other services		
other services pursuant to legislation	3 302	2 652
tax services	2 300	2 300

7 Employees and directors

	2010 £	2009 £
Staff costs during the vear		
Wages and salaries	3 566 472	2 635 898
Social security costs	365 457	273 158
Other pension costs – defined contribution	129 947	96 648
Share based payment costs	143 695	123 305
	4 205 571	3 129 009

	2010 Number	2009 Number
Average monthlv number of persons employed (including directors) during the year by activity		
Operations	19	14
Selling	6	7
Administration	16	8
Research and development	38	33
	79	62

Notes to the financial statements for the year ended 30 September 2010

7 Employees and directors (continued)

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

Directors	2010 £	2009 £
Wages and salaries	**163 770**	120 636
Pension costs – defined contribution plans	**10 210**	8 112

One director (2009 one) has retirement benefits accruing under a money purchase scheme One director (2009 one) have exercised phantom share options in the year

Highest paid director	2010 £	2009 £
Wages and salaries	**163 770**	120 636
Pension costs – defined contribution plans	**10 210**	8 112

8 Income tax credit

	2010 £	2009 £
Current tax		
Group relief receivable		
Current year	**(1 978 111)**	(2 186 511)
Adjustments in respect of previous periods	**12 940**	
Income tax credit	**(1 965 171)**	(2 186 511)

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

	2010 £	2009 £
Loss before income tax	**(6 174 128)**	(6 702 729)
Loss before income tax at the UK standard rate of 28⁄ (2009 28⁄)	**(1 728 755)**	(1 876 764)
Effects of		
Expenses not deductible for tax purposes	**9 644**	9 188
Income not subject to tax	**(107 619)**	(106 398)
Adjustments in respect of prior periods	**12 940**	
Enhanced research and development expenditure	**(211 279)**	(259 817)
Deferred tax not recognised	**124 827**	84 993
Capital grants not taxable	**(64 929)**	(37 713)
Income tax credit	**(1 965 171)**	(2 186 511)

Factors affecting future tax charges

During the vear as a result of the change in the UK main corporation tax rate from 28⁄ to 27⁄ that was substantively enacted on 20 July 2010 and that will be effective from 1 April 2011 the relevant deferred tax balances have been re measured

Further reductions to the UK corporation tax rate were announced in the June 2010 Budget The changes which are expected to be enacted separatelv each year propose to reduce the rate by 1⁄ per annum to 24⁄ by 1 April 2014 The changes had not been substantively enacted at the balance sheet date and therefore are not recognised in these financial statements

Notes to the financial statements for the year ended 30 September 2010

9 Intangible assets

	Computer software £
Cost	
At 1 October 2008	31 504
Additions	206 677
At 1 October 2009	238 181
Additions	259 079
At 30 September 2010	**497 260**
Accumulated amortisation	
At 1 October 2008	5 830
Charge for the year	34 301
At 1 October 2009	40 131
Charge for the year	86 547
At 30 September 2010	**126 678**
Net book amount	
At 30 September 2010	**370 582**
At 30 September 2009	198 050

Amortisation is included within administrative expenses in the income statement

Notes to the financıal statements for the year ended 30 September 2010

10 Propertv, plant and equıpment

	Leasehold ımprovements £	Laboratorv equıpment £	Computer equıpment £	Fıxtures and fittıngs £	Total £
Cost					
At 1 October 2008	5 140 679	1 966 764	360 279	43 695	7 511 417
Addıtıons		273 255	112 254	2 174	387 683
At 1 October 2009	5 140 679	2 240 019	472 533	45 869	7 899 100
Addıtıons		99 446	83 023	834	183 303
Transfer to related partv		(89 379)			(89 379)
Dısposals			(57 933)		(57 933)
At 30 September 2010	**5 140 679**	**2 250 086**	**497 623**	**46 703**	**7 935 091**
Accumulated depreciatıon					
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 1 October 2009	1 536 551	1 124 195	288 641	19 744	2 969 131
Charge for the year	342 883	215 988	89 026	4 618	652 515
Transfer to related party		(52 883)			(52 883)
On dısposals			(57 933)		(57 933)
At 30 September 2010	**1 879 434**	**1 287 300**	**319 734**	**24 362**	**3 510 830**
Net book amount					
At 30 September 2010	**3 261 245**	**962 786**	**177 889**	**22 341**	**4 424 261**
At 30 September 2009	*3 604 128*	*1 115 824*	*183 892*	*26 125*	4 929 969

Borrowıngs of £nıl (2009 £20 000) are secured on laboratory and computer equıpment (note 14)

Depreciatıon ıs ıncluded wıthın admınıstratıve expenses ın the ıncome statement

Notes to the financıal statements for the year ended 30 September 2010

11 Trade and other receıvables

	2010	2009
	£	£
Trade receıvables	432 246	871 114
Amounts owed bv group undertakıngs	546 106	432 353
Group relıef receıvable	1 978 111	2 186 511
Other receıvables	1 257 485	73 518
Prepayments and accrued ıncome	54 428	131 668
	4 268 376	3 695 164

The faır values of trade and other receıvables are not materıally dıfferent from theır carryıng value For the purposes of IFRS 7 all of the company s financıal assets are classıfied as loans and receıvables The company has no assets that may be classıfied as held at faır value through profit and loss derıvatıves used for hedgıng or avaılable for sale

The carryıng amount of the company s trade and other receıvables are denomınated ın the followıng currencıes

	2010	2009
	£	£
Currencv		
UK pound	4 106 734	3 016 707
US dollar	35 196	540 624
Euro	126 446	137 833
	4 268 376	3 695 164

The maxımum exposure to credıt rısk at the reportıng date ıs the faır value of each class of receıvable above Trade and other receıvables does not contaın ımpaıred assets

As of 30 September 2010 trade receıvables of £118 059 (2009 £153 116) were past due but not ımpaıred These relate to a number of large publıc ınstıtutıons for whom there ıs lıttle rısk of default The ageıng analvsıs of these trade receıvables ıs as follows

	2010	2009
	£	£
Up to 2 months overdue	107 902	17 878
More than 2 months overdue	10 157	135 238
	118 059	153 116

None of these trade debtors that are neıther past due nor ımpaıred have had theır terms renegotıated

12 Cash and cash equıvalents

	2010	2009
	£	£
Cash at bank and ın hand	207	225

[illegible]

Notes to the financıal statements for the year ended 30 September 2010

12 Cash and cash equıvalents (contınued)

Cash cash equıvalents and bank overdrafts ınclude the followıng for the purposes of the cash flow statement

	2010 £	2009 £
Cash and cash equıvalents	**207**	225
Bank overdrafts (note 14)	**(15 637)**	(47 354)
	(15 430)	(47 129)

13 Trade and other payables

	2010 £	2009 £
Trade pavables	**365 396**	419 721
Amounts owed to group undertakıngs	**31 225 158**	26 820 601
Amounts owed to other related partıes		12 901
Other tax and socıal securıty	**118 477**	95 345
Accruals	**641 090**	473 868
	32 350 121	27 822 436

The faır values of trade and other pavables are not materıally dıfferent from theır carrvıng value as the ımpact of dıscountıng ıs not sıgnıficant

There ıs no dıfference between the amounts shown above and the total contractual undıscounted cash flows of trade and other payables

14 Borrowıngs

Current	2010 £	2009 £
Other loans – secured (a)		20 000
Subordınated loans (b)	**460 000**	
Bank overdraft	**15 637**	47 354
	475 637	67 354
Non current		
Subordınated loans (b)	**3 112 465**	3 572 465
Total borrowıngs	**3 588 102**	3 639 819

(a) The above loans whıch were offset by revenue grants earned were secured by a fixed charge over the laboratorv and computer equıpment of the company

(b) £3 172 465 (2009 £3 172 465) ıs due to The McClay Foundatıon Interest ıs charged at base rate plus 2 5 per cent The loan agreement was revısed durıng 2008 so as to postpone the next capıtal payment untıl November 2010 The ımpact of the revısed agreement on the maturıty profile of non current borrowıngs ıs dısclosed below The remaınıng balance of £400 000 (2009 £400 000) ıs due to the ımmedıate parent undertakıng Almac Dıagnostıcs (2004) Lımıted Thıs balance ıs not ınterest bearıng

Notes to the financial statements for the year ended 30 September 2010

14 Financial liabilities – Borrowings (continued)

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 mav 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 3 0% (2009 3 0 ⁄₀)

Maturity of financial liabilities

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

	2010	2009
	£	£
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	**1 380 000**	1 380 000
In more than five years	**1 272 465**	1 732 465
	3 112 465	3 572 465

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

	Bank overdraft 2010 £	**Subordinated loans 2010 £**	**Total 2010 £**
Less than one vear	**15 637**	**462 300**	**477 937**
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		**1 469 700**	**1 469 700**
More than five vears		**1 342 215**	**1,342 215**
	15 637	**3 750 315**	**3 765 952**

	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 vear but not more than two years			474 950	474 950
In more than two years but not more than five vears			1 468 200	1 468 200
More than five years			1 968 265	1 968 265
	47 354	20 600	3 911 415	3 979 369

Notes to the financial statements for the year ended 30 September 2010

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 2008	958 697	(958 697)	
Credited/(charged) to the income statement	(25 017)	25 017	
At 30 September 2009	933 680	(933 680)	
Credited to the income statement	(107 844)	107 844	
At 30 September 2010	**825 836**	**(825 836)**	

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	2010 £	2009 £
Tax losses	**2 529 674**	2 426 996
Other temporary differences	**304 913**	282 764
	2 834 587	2 709 760

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

	2010 £	2009 £
Accruals	**540 035**	488 750

Maturity of non current liabilities

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

	2010 £	2009 £
In more than one year but not more than two years	**168 081**	146 180
In more than two years but not more than five years	**371 954**	342 570
	540 035	488 750

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

Notes to the financial statements for the year ended 30 September 2010

17 Deferred income

Government grants	£
At 1 October 2008	981 864
Capital grants received during the year	176 009
Released to the income statement	(134 691)
At 1 October 2009	1 023 182
Capital grants received during the year	251 217
Released to the income statement	(329 495)
At 30 September 2010	**944 904**

18 Share capital

Authorised allotted and fully paid	**2010** £	2009 £
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 at 30 September 2009 and at **30 September 2010**	**299 604**

20 Cash used in operations

	2010 £	2009 £
Loss before income tax	**(6 174 128)**	(6 702 729)
Adjustment for		
Depreciation of property plant and equipment	**652 515**	626 864
Amortisation of intangible assets	**86 547**	34 301
Release of capital grant	**(329 495)**	(134 691)
Interest expense	**714 093**	503 794
Interest receivable	**(1 328)**	(4 547)
Movement in trade and other receivables	**(794 552)**	113 757
Movement in trade and other payables	**245 126**	(1 031 398)
Net cash used in operations	**(5 601 222)**	(6 594 649)

Notes to the financial statements for the year ended 30 September 2010

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

	2010	2009
	£	£
Defined contribution scheme	**129 947**	96 648

22 Capital and other financial commitments

	2010	2009
	£	£
Contracts placed for future property plant and equipment expenditure not provided in the financial statements		

23 Operating lease commitments minimum lease payments

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

	Buildings		**Motor vehicles**	
	2010	2009	**2010**	2009
	£	£	**£**	£
No later than one year	**165 000**	165 000	**27 445**	28 259
Later than one year and no later than five years	**660 000**	660 000	**22 130**	34 768
Later than five years	**948 750**	1 113 750		
	1 773 750	1 938 750	**49 575**	63 027

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 Share based payments

The company operates a phantom share scheme whereby share awards are granted to directors and senior management employees The share award is granted for nil consideration and is conditional on the director or employee continuing in employment for a period of three years from the date the share award is made which is the first of January following the financial year end The 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

Notes to the financıal statements for the year ended 30 September 2010

25 Share based pavments (contınued)

Share awards are exercısable on from the first of January three years followıng the award date The share award ıs exercısable at the share prıce as determıned by professıonal qualıfied valuers at the end of financıal year when share ıs exercısable and all share awards are cash settled

The faır value of each share award granted and the assumptıons used ın the calculatıon are as follows

Grant date	**September 2010**	September 2009
Share prıce at grant date	**£0 545**	£0 471
Exercıse prıce at grant date		
Number of emplovees	**5**	5
Share awards	**187 176**	193 529
Vestıng perıod (years)	**4**	4
Optıon lıfe (years)	**4**	4
Expected lıfe (vears)	**4**	4
Dıvıdend yıeld	**Nıl**	Nıl
Rısk free ınterest rate	**5 0 /**	4 5%
Faır value	**£0 545**	£0 471

The weıghted average faır value of share awards granted durıng the year determıned usıng the Black Scholes valuatıon model was £0 545 (2009 £0 471) The sıgnıficant ınputs ınto the model were the share prıce at grant date exercıse prıce dıvıdend yıeld rısk free ınterest rate and expected optıon lıfe as shown above

Movements ın the number of share awards outstandıng are as follows

	2010 Number	2009 Number
Outstandıng at 1 October	**513 573**	354 896
Granted	**187 176**	193 529
Forfeıted		
Exercısed	**(145 977)**	(34 852)
Outstandıng at 30 September	**554 772**	513 573
Exercısable at 30 September	**174 067**	145 977

The weıghted average share prıce of share awards exercısed ın the vear was £0 545 (2009 £0 471)

Share awards outstandıng at the end of the year have the followıng expıry dates

	2010 Number	2009 Number
2010		145 977
2011	**174 067**	174 067
2012	**193 529**	193 529
2013	**187 176**	

The total expense recognısed ın the ıncome statement was £143 695 (2009 £123 305)

Notes to the financial statements for the year ended 30 September 2010

26 Ultimate controlling party and related party transactions

The immediate parent undertaking of the company at 30 September 2010 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

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

	2010	2009
	£	£
Sales to related parties	**6 800**	87 441
Purchases from related parties	**166 306**	169 457
Management charge paid	**748 704**	939 939

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 2010 a balance of £3 172 465 (2009 £3 172 465) was owing in relation to a loan provided to the company by the McClay Foundation