Registered number: NI 043067

Almac Diagnostics Limited
Annual report and financial statements
for the year ended 30 September 2015

Almac Diagnostics Limited

Annual report and financial statements for the year ended 30 September 2015

Contents

Directors and advisers

Directors

Professor D P Harkin
A D Armstrong
C Hayburn
S Campbell
J W Irvine
K Stephens

Company secretary

E McAllister

Registered office

Almac House
20 Seagoe Industrial Estate
Craigavon
BT63 5QD

Solicitors

Pinsent Masons LLP
Arnott House
12-16 Bridge Street
Belfast
BT1 1LS

Bankers

Danske Bank
11 Donegall Square West
Belfast
BT1 6JS

Independent auditors

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

Strategic report for the year ended 30 September 2015

The directors present their strategic report on the company for the year ended 30 September 2015.

Principal activities

Almac Diagnostics Limited is a private limited company incorporated and domiciled 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 micro array based data analysis for the academic, pharmaceutical and biotechnology markets.

Review of business and future developments

The business has progressed in line with expectations during the year and the directors are continually investigating techniques to ensure increased efficiency of operations. The company foresees potential losses in the next immediate years, however these are anticipated as a consequence of the research programme which will deliver profits in the future years. Funding commitments have been put in place particularly from Almac Group Limited and 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 competitive market conditions. Further discussion of these risks and uncertainties, in the context of the group as a whole, is provided in the annual report of the ultimate parent undertaking, Almac Group Limited.

Key performance indicators

The directors manage the company's operations on a divisional basis. For this reason, the company's directors believe that analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the business of the company. Commentary on the group's performance is provided in the annual report of the ultimate parent undertaking 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.

Performance and position

The profit for the year amounted to £3,457,568 (2014: loss £2,562,796). Overall at the year end the company had net liabilities of £32,955,521 (2014: £36,413,089).

This report was approved by the board and signed on its behalf.

A D Armstrong
Director
17 December 2015

Directors' report for the year ended 30 September 2015

The directors present their annual report and the audited financial statements of the company for the year ended 30 September 2015.

Future developments

The section on future developments, which is detailed in the strategic report, is included in this report by cross reference.

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 Almac Group Limited and The McClay Foundation, the Company's ultimate parent, to support the company's operations and planned growth over this period. The directors have received confirmation that Almac Group Limited intend to support the company for at least one year after these financial statements are signed. Consequently, the directors have prepared these financial statements on a going concern basis.

Financial risk management

The company operates within the competitive conditions of its market place. 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 provided in note 3.

Dividends

The directors do not recommend payment of a dividend (2014: £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. This expenditure in the year totalled £1,675,664 (2014: 761,725), which is stated after a deduction of £426,309 (2014: £292,943) of research and development tax credits. This expenditure was expensed as incurred. No development expenditure was incurred during the year (2014: £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.

Employees

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

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

Directors' report for the year ended 30 September 2015 (continued)

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 independent 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.

This report was approved by the board and signed on its behalf.

A D Armstrong
Director
17 December 2015

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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.

This report was approved by the board and signed on its behalf.

A D Armstrong
Director
17 December 2015

Independent auditors' report to the members of Almac Diagnostics Limited

Report on the financial statements

Our opinion

In our opinion, Almac Diagnostics Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 30 September 2015 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

Almac Diagnostics Limited's financial statements comprise:

- the income statement for the year then ended;
- the statement of changes in equity for the year then ended;
- the balance sheet as at 30 September 2015;
- the cash flow statement for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and IFRSs as adopted by the European Union.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Independent auditors' report to the members of Almac Diagnostics Limited (continued)

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the statement of directors' responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & 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.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Emma Murray

Emma Murray (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Belfast
17 December 2015

Income statement for the year ended 30 September 2015

	Note	2015 £	2014 £
Continuing operations			
Revenue	2	**14,140,805**	6,015,661
Cost of sales	6	**(4,057,220)**	(3,304,240)
Gross profit		**10,083,585**	2,711,421
Distribution costs	6	**(400,876)**	(776,421)
Administrative expenses	6	**(3,599,658)**	(3,484,992)
Research and development expenditure	6	**(1,675,664)**	(761,725)
Operating profit/(loss)		**4,407,387**	(2,311,717)
Operating profit/(loss) is analysed as:			
Operating profit/(loss) before depreciation, amortisation and R & D ("EBITDA")		**6,813,517**	(790,578)
Depreciation of property, plant and equipment		**(674,884)**	(697,934)
Amortisation of intangible assets		**(55,582)**	(61,480)
Research and development expenditure ("R & D")		**(1,675,664)**	(761,725)
Finance costs	5	**(937,908)**	(906,563)
Finance income	5	**12,565**	10,513
Finance costs – net	5	**(925,343)**	(896,050)
Profit/(loss) before income tax		**3,482,044**	(3,207,767)
Income tax charge/(credit)	8	**(24,476)**	644,971
Profit/(loss) for the year attributable to owners of the company		**3,457,568**	(2,562,796)

The notes on pages 12 to 30 are an integral part of the financial statements.

There is no other comprehensive income for the year (2014: £nil).

Statement of changes in equity for the year ended 30 September 2015

	Share capital £	Share premium account £	Accumulated losses £	Total equity £
At 1 October 2013	1,000	299,604	(34,150,897)	(33,850,293)
Loss for the year and total comprehensive expense	-	-	(2,562,796)	(2,562,796)
At 1 October 2014	1,000	299,604	(36,713,693)	(36,413,089)
Profit for the year and total comprehensive income	-	-	3,457,568	3,457,568
At 30 September 2015	**1,000**	**299,604**	**(33,256,125)**	**(32,955,521)**

The notes on pages 12 to 30 are an integral part of these company financial statements.

Balance sheet as at 30 September 2015

	Note	2015 £	2014 £
Assets			
Non-current assets			
Intangible assets	9	**86,821**	137,543
Property, plant and equipment	10	**2,613,832**	2,918,449
Total non-current assets		**2,700,653**	3,055,992
Current assets			
Trade and other receivables	11	**4,432,519**	3,901,865
Cash and cash equivalents	12	**963**	3,086
Total current assets		**4,433,482**	3,904,951
Total assets		**7,134,135**	6,960,943
Equity and liabilities			
Liabilities			
Current liabilities			
Borrowings	14	**35,388,747**	38,236,880
Trade and other payables	13	**2,270,618**	2,226,297
Total current liabilities		**37,659,365**	40,463,177
Non-current liabilities			
Borrowings	14	**1,332,465**	1,792,465
Other non-current liabilities	16	**372,641**	276,106
Deferred income	17	**725,185**	842,284
Total non-current liabilities		**2,430,291**	2,910,855
Total liabilities		**40,089,656**	43,374,032
Equity attributable to owners of the company			
Share capital	18	**1,000**	1,000
Share premium account	19	**299,604**	299,604
Accumulated losses		**(33,256,125)**	(36,713,693)
Total equity		**(32,955,521)**	(36,413,089)
Total equity and liabilities		**7,134,135**	6,960,943

The notes on pages 12 to 30 are an integral part of the financial statements.

The financial statements on pages 8 to 30 were authorised for issue by the Board of directors on 17 December 2015 and were signed on their behalf by:

A D Armstrong **(Director)**

C Hayburn **(Director)**

Cash flow statement for the year ended 30 September 2015

	Note	2015 £	2014 £
Cash flows from operating activities			
Cash generated from operations	20	**4,008,010**	4,207,719
Finance costs	5	**(937,908)**	(906,563)
Taxation received/(paid)		**511,605**	(628,286)
Net cash generated from operating activities		**3,581,707**	2,672,870
Cash flows from investing activities			
Purchase of intangible assets		**(4,860)**	(117,061)
Purchase of property, plant and equipment	10	**(380,505)**	(335,519)
Capital grants received	17	**58,143**	295,083
Finance income	5	**12,565**	10,513
Net cash used in investing activities		**(314,657)**	(146,984)
Cash flows from financing activities			
Repayment of borrowings		**(3,408,360)**	(2,525,597)
Net cash used in financing activities		**(3,408,360)**	(2,525,597)
Net (decrease)/increase in cash and cash equivalents		**(141,310)**	289
Cash, cash equivalents and bank overdrafts at beginning of the year		**(18,143)**	(18,432)
Cash, cash equivalents and bank overdrafts at end of the year	12	**(159,453)**	(18,143)

The notes on pages 12 to 30 are an integral part of the financial statements.

Notes to the financial statements for the year ended 30 September 2015

1 Accounting policies

General information

The principal activities of the company are the development of cancer diagnostics, concentrating initially upon colorectal cancer, and the development of a service business using microarray based data analysis for the academic, pharmaceutical and biotechnology markets. The financial statements are presented in UK pound sterling. Almac Diagnostics Limited is a private limited company incorporated and domiciled in Northern Ireland. The registered address is detailed on page 1.

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

Basis of preparation

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

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

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 Almac Group Limited, the Company's ultimate parent, to support the company's operations and planned growth over this period. The directors have received confirmation that Almac Group Limited intend to support the company for at least one year after these financial statements are signed. Consequently, the directors have prepared these financial statements on a going concern basis.

New standards, amendments and interpretations effective in the year to 30 September 2015

The accounting policies set out below are those that the company has adopted under International Financial Reporting Standards as adopted by the European Union for the year ended 30 September 2015.

No standards have been adopted by the company for the first time during the financial year beginning on or after 1 October 2014 that have had a material impact on the company:

Notes to the financial statements for the year ended 30 September 2015

1 Accounting policies (continued)

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

The following new standards, new interpretations, and amendments to standards and interpretations that are not yet effective and have not been adopted early by the company:
Amendment to IAS1 Presentation of financial statements
Amendment to IAS 16 Property, Plant & Equipment regarding bearer assets
Amendment to IAS 16 Property, Plant & Equipment on depreciation
Amendment to IAS 19 Employee Benefits on defined benefit plans
Amendment to IAS 27 Separate financial statements
IAS 28 (Revised 2011) Associates and Joint Ventures
Amendment to IFRS 10 and IAS 28 on sale or contribution of assets
Amendment to IFRS10 and IAS28 on investment entities applying the consolidation exemption
Amendment to IAS 38 Intangible assets on amortisation
Amendments to IAS 41 Agriculture regarding bearer plants
IFRS 9 Financial instruments
Amendment to IFRS 11 Joint arrangements on acquisition of an interest in a joint operation
IFRS 14 Regulatory deferral accounts
IFRS 15 Revenue from contracts with customers

The introduction of these new standards, interpretations and amendments is not expected to have a material impact on the company.

Intangible assets – computer software

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

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

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

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Notes to the financial statements for the year ended 30 September 2015

1 Accounting policies (continued)

Property, plant and equipment

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

For all assets depreciation is calculated to write off the cost less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned or over the life of the project, whichever is earlier. The principal annual rates used are as follows:

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

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

Trade and other receivables

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

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

Financial assets

The company classifies all its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the end of the reporting period. These are classified as non-current assets. The company's loans and receivables comprise 'trade and other receivables' and cash and cash equivalents in the balance sheet.

Impairment of financial assets

The company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement.

Notes to the financial statements for the year ended 30 September 2015

1 Accounting policies (continued)

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

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.

The company leases certain property, plant and equipment. Leases of property, plant and equipment where the company has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful economic life of the asset and the lease term.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Research and development

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

Research and development tax credits

Under UK tax legislation introduced in the 2013 Finance Bill research & development credits can be claimed against qualifying research & development expenditure. Where these credits are not expected to be restricted by the PAYE/NI cap included within the legislation then the credit is, in substance, a government grant. The company has elected to treat such credits as a government grant and recognise the credits in the same period as the research and development expenditure arises.

Notes to the financial statements for the year ended 30 September 2015

1 Accounting policies (continued)

Current and deferred income tax

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the country where the company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax is provided on temporary differences arising, except where the timing of the reversal of the temporary difference is controlled by the company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity of different taxable entities where there is an intention to settle the balances on a net basis.

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

Grants

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

Revenue recognition

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

The company recognises revenue when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the entity. The amount of revenue is not considered to be reliably measurable until all contingencies

relating to the sale have been resolved. The company considers this to be upon customer receipt of products, which is when title to the product is transferred to the customer or upon completion of services when results of testing have been delivered to the customer or logistics operations have been performed. The company uses the percentage-of-completion method in accounting for its fixed price contracts to deliver services. Use of the percentage-of-completion method requires the company to estimate the services performed to date as a proportion of the total services to be performed.

Notes to the financial statements for the year ended 30 September 2015

1 Accounting policies (continued)

Pension obligations

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

Foreign currency translation

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

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or cost'. All other foreign exchange gains and losses are presented in the income statement within administrative expenses.

Share-based payments

The company issues cash-settled phantom share-based payments to certain employees of the company for their services to the company. The company accounts for these phantom share based payments as cash-settled phantom share-based payments which are measured at fair value and recognised as an expense in the income statement with a corresponding increase in liabilities within accruals. The fair values of these payments are measured at each reporting date using professional external valuers, in line with the terms and conditions upon which the awards are granted. The fair value is recognised over the period during which employees become unconditionally entitled to the awards, subject to the company's estimate of the number of awards which will lapse due to employees leaving the company prior to vesting. The total amount recognised in the income statement as an expense is adjusted to reflect the actual amount of awards that are expected to vest, except where forfeiture is due to employee's termination of contract.

2 Revenue

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

3 Financial risk management

Financial risk factors

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

(a) **Market risk**
(i) Foreign exchange risk

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

Notes to the financial statements for the year ended 30 September 2015

3 Financial risk management (continued)

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

	2015		2014	
	Impact on equity £'000	**Impact on equity £'000**	Impact on equity £'000	Impact on equity £'000
US dollar strengthens by 10% against UK pound	**295**	**294**	152	152
US dollar weakens by 10% against UK pound	**(241)**	**(241)**	(124)	(124)

(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:

	2015		2014	
	Impact on equity £'000	**Impact on equity £'000**	Impact on equity £'000	Impact on equity £'000
Interest rates increase by 1%	**(344)**	**(344)**	(335)	(335)
Interest rates decrease by 1%	**344**	**344**	+335	+335

(b) Credit risk

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

(c) Liquidity risk

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

4 Capital risk management

The company is a subsidiary of Almac Group Limited, their 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 Almac Group Limited.

Notes to the financial statements for the year ended 30 September 2015

5 Finance costs - net

	2015 £	2014 £
Interest expense:		
Interest payable to related parties	(56,080)	(67,574)
Interest payable to group undertakings	(881,828)	(838,989)
Finance costs	(937,908)	(906,563)
Interest income:		
Interest receivable from group undertakings	12,565	10,513
Finance income	12,565	10,513
Finance costs – net	(925,343)	(896,050)

6 Expenses by nature

	2015 £	2014 £
Raw materials and consumables used	2,557,196	1,962,536
Employee benefits expense (note 7)	4,338,436	3,729,743
Depreciation and amortisation	730,466	759,414
Operating lease payments	184,451	186,069
Transfer from capital grant reserve (note 17)	(175,242)	(247,778)
Revenue grants	(699,685)	(803,350)
Other expenses	2,797,795	2,740,744
Total cost of sales, distribution costs, administrative expenses and research and development expenditure	9,733,418	8,327,378

The company incurred research and development expenditure of £1,675,664 (2014: £761,725), which is stated after the deduction of £426,309 (2014: £292,943) of research and development tax credits.

Services provided by the auditors and network firms

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

	2015 £	2014 £
Fees payable to the company's auditors for the audit of the financial statements	6,593	6,275
Fees payable to company's auditors and its associates for other services:		
- other services pursuant to legislation	4,560	4,750
- tax services	2,760	2,300
- other services	-	1,460

Notes to the financial statements for the year ended 30 September 2015

7 Employees and directors

	2015	2014
	£	£
Staff costs during the year:		
Wages and salaries	3,670,740	3,188,725
Social security costs	359,710	305,888
Other pension costs (note 21)	139,394	139,175
Share based payment costs	168,592	95,955
	4,338,436	3,729,743

	2015	2014
	Number	Number
Average monthly number of persons employed (including directors) during the year by activity:		
Operations	52	45
Selling	3	4
Administration	13	12
Research and development	18	11
	86	72

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

	2015	2014
Key management compensation	£	£
Salaries and other short term employee benefits	198,901	190,048
Pension costs	11,227	11,113

One director (2014: one) has retirement benefits accruing under a money purchase scheme. One director (2014: one) has exercised phantom share options in the year. Directors remuneration is borne by other group companies and is disclosed for the group in Almac Group Limited financial statements.

Notes to the financial statements for the year ended 30 September 2015

8 Income tax charge/(credit)

	2015 £	2014 £
Current tax		
Group relief receivable/(payable)		
- Current year	**2,750**	(644,971)
- Adjustments in respect of previous periods	**21,726**	-
Income tax charge/(credit)	**24,476**	(644,971)

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

	2015 £	2014 £
Profit/(loss) before income tax	**3,482,044**	(3,207,767)
Profit/(loss) before income tax at the UK standard rate of 20.5% (2014: 22%)	**713,771**	(705,709)
Effects of:		
Expenses not deductible for tax purposes	**21,571**	12,783
Depreciation on non-qualifying assets	**18,734**	-
Adjustments in respect of prior periods	**21,726**	-
Deferred tax not recognised	**(685,564)**	123,463
Capital grants not taxable	**(35,364)**	(35,356)
Transfer pricing adjustment	**(30,398)**	(40,152)
Income tax charge/(credit)	**24,476**	(644,971)

The standard rate of corporation tax in the UK changed from 21% to 20% with effect from 1 April 2015. Accordingly, the company's profits in this accounting year are taxed at an effective rate of 20.5%.

Changes to the UK corporation tax rates were announced in the Chancellor's Budget on 8 July 2015. These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 18% from 1 April 2020. As the changes had not been substantively enacted at the balance sheet date their effects are not included in these financial statements.

Notes to the financial statements for the year ended 30 September 2015

9 Intangible assets

	Computer software £
Cost	
At 1 October 2013	523,218
Additions	117,061
At 1 October 2014	640,279
Additions	4,860
At 30 September 2015	**645,139**
Accumulated amortisation	
At 1 October 2013	441,256
Charge for the year	61,480
At 1 October 2014	502,736
Charge for the year	55,582
At 30 September 2015	**558,318**
Net book amount	
At 30 September 2015	**86,821**
At 30 September 2014	137,543
At 30 September 2013	81,962

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

Notes to the financial statements for the year ended 30 September 2015

10 Property, plant and equipment

	Leasehold Improvements £	Laboratory equipment £	Fixtures, fittings and computer Equipment £	Total £
Cost				
At 1 October 2013	5,140,679	3,286,813	591,151	9,018,643
Additions	2,390	313,013	20,116	335,519
At 1 October 2014	5,143,069	3,599,826	611,267	9,354,162
Transfers	-	(189,000)	-	(189,000)
Additions	-	319,259	61,246	380,505
At 30 September 2015	**5,143,069**	**3,730,085**	**672,513**	**9,545,667**
Accumulated depreciation				
At 1 October 2013	2,908,084	2,272,938	556,757	5,737,779
Charge for the year	342,923	336,969	18,042	697,934
At 1 October 2014	3,251,007	2,609,907	574,799	6,435,713
Charge for the year	343,043	316,762	15,079	674,884
Transfers	-	(178,762)	-	(178,762)
At 30 September 2015	**3,594,050**	**2,747,907**	**589,878**	**6,931,835**
Net book amount				
At 30 September 2015	**1,549,019**	**982,178**	**82,635**	**2,613,832**
At 30 September 2014	1,892,062	989,919	36,468	2,918,449
At 30 September 2013	2,232,595	1,013,875	34,394	3,280,864

Depreciation expense is included within administrative expenses in the income statement

11 Trade and other receivables

	2015 £	2014 £
Trade receivables	**1,852,739**	1,740,067
Amounts owed by group undertakings (note 25)	**434,582**	430,519
Group relief receivable (note 25)	**401,833**	937,914
Other receivables	**491,759**	334,391
Prepayments and accrued income	**1,251,606**	458,974
	4,432,519	3,901,865

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

Notes to the financial statements for the year ended 30 September 2015

11 Trade and other receivables (continued)

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

	2015	2014
	£	£
Currency		
UK pound	**1,712,657**	2,433,333
US dollar	**2,580,305**	1,457,193
Euro	**139,557**	11,339
	4,432,519	3,901,865

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

As of 30 September 2015, trade receivables of £86,109 (2014: £146,196) were past due but not impaired. These and the other trade receivables relate to a number of multinational and large public institutions for whom there is little risk of default. The ageing analysis of these trade receivables is as follows:

	2015	2014
	£	£
Up to two months overdue	**43,699**	100,496
More than two months overdue	**42,410**	45,700
	86,109	146,196

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

12 Cash and cash equivalents

	2015	2014
	£	£
Cash at bank and in hand	**963**	3,086

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

	2015	2014
	£	£
Cash and cash equivalents	**963**	3,086
Bank overdrafts (note 14)	**(160,416)**	(21,229)
	(159,453)	(18,143)

Notes to the financial statements for the year ended 30 September 2015

13 Trade and other payables

	2015	2014
	£	£
Trade payables	**530,833**	544,124
Amounts owed to group undertakings (note 25)	**488,033**	455,248
Other tax and social security	**123,870**	98,543
Accruals	**1,127,882**	1,128,382
	2,270,618	2,226,297

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

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

14 Borrowings

	2015	2014
Current	£	£
Bank overdraft	**160,416**	21,229
Amounts owed to group undertakings (note 25)	**34,768,331**	37,755,651
Amounts owed to related parties (note 25)	**460,000**	460,000
	35,388,747	38,236,880
Non-current		
Amounts owed to related parties (note 25)	**1,332,465**	1,792,465
Total borrowings	**36,721,212**	40,029,345

Amounts owed to related parties

£1,792,465 (2014: £2,252,465) is due to The McClay Foundation. Interest is charged at UK base rate plus 2.5 per cent. The effective interest rate at the balance sheet date was 3.0% (2014: 3.0%).

The fair value of current and non-current borrowings equals their carrying amount as the impact of discounting is not significant. For the purposes of IFRS 7 "Financial instruments: Disclosures" the financial liabilities noted above are classified as other financial liabilities. The company has no liabilities that may be classified as held at fair value through profit and loss or derivatives used for hedging.

Maturity of financial liabilities

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

	2015	2014
	£	£
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	**872,465**	1,332,465
	1,332,465	1,792,465

Notes to the financial statements for the year ended 30 September 2015

14 Borrowings (continued)

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

	Bank overdraft 2015 £	Amounts owed to group undertakings 2015 £	Amounts owed to related parties 2015 £	Total 2015 £
Less than one year	160,416	34,768,331	460,000	**35,388,747**
In more than one year but not more than two years	-	-	476,106	**476,106**
In more than two years but not more than five years	-	-	856,359	**856,359**
	160,416	**34,768,331**	**1,792,465**	**36,721,212**

	Bank overdraft 2014 £	Amounts owed to group undertakings 2014 £	Amounts owed to related parties 2014 £	Total 2014 £
Less than one year	21,299	37,755,651	462,306	38,239,256
In more than one year but not more than two years	-	-	476,106	476,106
In more than two years but not more than five years	-	-	1,445,267	1,445,267
	21,299	37,755,651	2,383,679	40,160,629

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 2013	452,793	(452,793)	-
(Charged)/credited to the income statement	(96,838)	96,838	-
At 1 October 2014	355,955	(355,955)	-
Prior period adjustment	5,687	(5,687)	-
(Charged)/credited to the income statement	(58,200)	58,200	-
At 30 September 2015	**303,442**	**(303,442)**	-

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	2015 £	2014 £
Tax losses	**1,350,879**	2,024,866
Other temporary differences	**193,854**	194,442
	1,544,733	2,219,308

No deferred tax asset has been recognised in relation to the above as in the opinion of the directors it may not be recoverable in the foreseeable future.

Notes to the financial statements for the year ended 30 September 2015

16 Other non-current liabilities

	2015	2014
	£	£
Accruals	**372,641**	276,106

Maturity of non-current liabilities

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

	2015	2014
	£	£
In more than one year but not more than two years	**142,205**	103,380
In more than two years but not more than five years	**230,436**	172,726
	372,641	276,106

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

17 Deferred income

Government grants	£
At 1 October 2013	794,979
Capital grants received during the year	295,083
Capital grants released to the income statement	(247,778)
At 1 October 2014	842,284
Capital grants received during the year	58,143
Capital grants released to the income statement	(175,242)
At 30 September 2015	**725,185**

18 Share capital

	2015	2014
Authorised, allotted and fully paid	£	£
1,780 (2014: 1780) Class A ordinary shares of £0.10 (2014: £0.10) each	**178**	178
7,920 (2014: 7,920) Class B ordinary shares of £0.10 (2014: £0.10) each	**792**	792
300 (2014: 300) Class C ordinary shares of £0.10 (2014: £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 2013, at 30 September 2014 and at **30 September 2015**	**299,604**

Notes to the financial statements for the year ended 30 September 2015

20 Cash generated from operations

	2015 £	2014 £
Profit/(loss) before income tax	**3,482,044**	(3,207,767)
Adjustments for:		
Depreciation of property, plant and equipment	**674,884**	697,934
Amortisation of intangible assets	**55,582**	61,480
Release of capital grant	**(175,242)**	(247,778)
Finance costs	**937,908**	906,563
Finance income	**(12,565)**	(10,513)
Movement in trade and other receivables	**(1,062,672)**	5,966,979
Movement in trade and other payables	**108,071**	40,821
Net cash generated from operations	**4,008,010**	4,207,719

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:

	2015 £	2014 £
Defined contribution scheme (note 7)	**139,394**	139,175

Amounts owed to the pension plan as at 30 September 2015 totalled £22,630 (2014: £19,892).

22 Operating lease commitments - minimum lease payments

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

	Buildings		Motor vehicles	
	2015 £	2014 £	**2015** £	2014 £
No later than one year	**165,000**	165,000	**12,494**	17,854
Later than one year and no later than five years	**660,000**	660,000	**16,404**	6,529
Later than five years	**123,750**	288,750	**-**	-
	948,750	1,113,750	**28,898**	24,383

23 Contingent liabilities

There exists a contingent liability to repay certain capital and revenue grants received from Invest Northern Ireland if certain conditions are not met. The directors do not anticipate any repayment falling due under the terms on which the grants were received as there are no unfulfilled conditions. The company is party to an unlimited inter-company cross company guarantee in relation to group banking facilities in the United Kingdom.

Notes to the financial statements for the year ended 30 September 2015

24 Share based payments

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

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

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

Grant date	**2015**	2014
Share price at grant date	**£0.587**	£0.581
Number of employees	**4**	4
Share awards	**167,369**	165,408
Vesting period (years)	**4**	4
Option life (years)	**4**	4
Expected life (years)	**4**	4
Dividend yield	**Nil**	Nil
Risk free interest rate	**5.0%**	5.0%
Fair value	**£0.587**	£0.581

The weighted average fair value of share awards granted during the year determined using the Black-Scholes valuation model was £0.587 (2014: £0.581). The significant inputs into the model were the share price at grant date, exercise price, dividend yield, risk free interest rate and expected option life as shown above.

Movements in the number of share awards outstanding are as follows:

	2015 Number	2014 Number
Outstanding at 1 October	**434,218**	382,712
Granted	**167,369**	165,408
Exercised	**(116,605)**	(113,902)
Outstanding at 30 September	**484,982**	434,218
Exercisable on 1 January 2016/2015	**152,502**	116,605

The weighted average share price of share awards exercised in the year was £0.587 (2014: £0.581).

Notes to the financial statements for the year ended 30 September 2015

24 Share based payments (continued)

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

	2015 Number	2014 Number
2015	-	116,605
2016	**152,205**	152,205
2017	**165,408**	165,408
2018	**167,369**	-

The total expense recognised in the income statement was £168,592 (2014: £95,955) and the year end liability is £341,218 (2014: £252,281).

25 Ultimate controlling party and related party transactions

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

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

At the balance sheet date, the ultimate controlling parties are A D Armstrong, S Campbell, C Hayburn and J W Irvine.

The McClay Foundation is a related party due to common directors.

Companies within Almac Group Limited are related parties of Almac Diagnostics Limited.

Transactions entered into during the year and year end balances with companies within Almac Group Limited were as follows:

	2015 £	2014 £
Purchases from related parties	**(184,438)**	(603,223)
Management charge paid	**(1,026,361)**	(771,310)
Interest receivable from group undertakings	**12,565**	10,513
Interest payable to group undertakings	**(881,828)**	(838,989)
Interest payable to related parties	**(56,080)**	(67,574)
Amounts owed by group undertakings	**434,582**	430,519
Amounts owed to group undertakings	**(35,256,364)**	(38,210,899)
Amounts owed to related parties	**(1,792,465)**	(2,252,465)
Group relief receivable	**401,833**	937,914

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

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

C Hayburn is a trustee of the McClay Foundation. Sir Allen McClay was both the settlor and a trustee of the Foundation. At 30 September 2015, a balance of £1,792,465 (2014: £2,252,465) was owing in relation to a loan provided to the company by the McClay Foundation.