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Registered no: NI 45055

Almac Pharma Services Limited
Annual report
for the year ended 30 September 2008

DEPARTMENT OF ENTERPRISE
TRADE & INVESTMENT
COMPANIES REGISTRY

17 JUL 2009

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Almac Pharma Services Limited

Annual report for the year ended 30 September 2008

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Directors and advisers

Executive directors

Dr Sir Allen McClay OBE, CBE - Chairman
JW Irvine
AD Armstrong
RA Milliken
G McBurney
C Hayburn
S Campbell

Secretary

C Hayburn

Registered office

Almac House
20 Seagoe Industrial Estate
Craigavon
BT63 5QD

Solicitors

Carson & McDowell
Murray House
Murray Street
Belfast
BT1 6DN

Bankers

Northern Bank Limited
11 Donegall Square West
Belfast
BT1 6JS

Independent auditors

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

Directors' report for the year ended 30 September 2008

The directors present their report and the audited financial statements for the year ended 30 September 2008.

Principal activities

Almac Pharma Services Limited is a private limited company incorporated in Northern Ireland. The registered address is detailed on page 1.

The company continued to provide formulation and commercial-scale manufacturing and packaging services to the international pharmaceutical, healthcare and biotechnology sectors.

Review of business and future developments

The results for the year are as set out on page 6 and show a pre tax loss of £1,505,148 (2007: £1,194,133 loss) for the year and sales of £18,224,967 (2007: £17,209,798). The business has progressed satisfactorily during the year, and the directors are continually investigating techniques to ensure increased efficiency of operation.

Research and development

We continue to work with customers in developing new products and services.

Future outlook

The external commercial environment is expected to remain competitive in 2009, however, we remain confident that performance will improve in the future.

Risks

The management of the business and execution of the company's strategy are subject to a number of risks including the competitive market conditions.

The key business risks and uncertainties affecting the company are considered to relate to competition from other pharmaceutical service companies world wide.

Key performance indicators

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using key performance indicators 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

The company's most important resource is its people; their knowledge and experience is crucial to meeting customer requirements. Retention of key staff is critical and the company has invested in employment training and development.

Directors' report for the year ended 30 September 2008 (continued)

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.

Results and dividends

The loss for the financial year is £1,614,043 (2007: £2,213,376 loss). The directors do not recommend payment of a dividend.

Directors

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

Political and charitable donations

The company made charitable donations of £40 (2007: £1,550) during the year. No donations for political purposes were made during the year.

Employees

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

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

Statement of disclosure of information to auditors

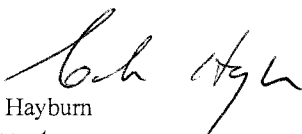
So far as each of the directors in office at the date of approval of these financial statements is aware:

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

Independent auditors

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

By order of the Board



C Hayburn

Secretary

20 February 2009

Statement of directors' responsibilities

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

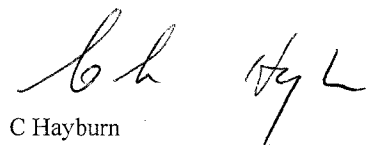
Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial statements are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

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

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

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

By order of the Board



C Hayburn
Secretary

20 February 2009

Independent auditors' report to the members of Almac Pharma Services Limited

We have audited the financial statements of Almac Pharma Services Limited for the year ended 30 September 2008, which comprise the income statement, the statement of changes in shareholders' equity, the balance sheet, the cash flow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

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

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

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements have been properly prepared in accordance with the Companies (Northern Ireland) Order 1986. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

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

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

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with International Financial Reporting Standards as adopted by the European Union, of the state of the company's affairs as at 30 September 2008 and of its loss and cash flows for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies (Northern Ireland) Order 1986; and
- the information given in the directors' report is consistent with the financial statements.



PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

Belfast

6 March 2009

Income Statement for the year ended 30 September 2008

	Notes	2008 £	2007 £
Continuing operations			
Revenue	2	18,224,967	17,209,798
Cost of sales	6	(12,646,232)	(11,949,688)
Gross profit		5,578,735	5,260,110
Other income		208,496	214,920
Distribution costs	6	(726,565)	(641,721)
Administrative expenses	6	(6,572,188)	(6,061,631)
Operating loss		(1,511,522)	(1,228,322)
Finance income	5	20,199	34,309
Finance costs	5	(13,825)	(120)
Finance income - net	5	6,374	34,189
Loss before taxation		(1,505,148)	(1,194,133)
Income tax expense	8	(108,895)	(1,019,243)
Loss for the year attributable to equity shareholders		(1,614,043)	(2,213,376)

Statement of changes in shareholders' equity

	Share capital £	Retained earnings £	Total equity £
At 1 October 2006	20,355,000	(330,240)	20,024,760
Net loss	-	(2,213,376)	(2,213,376)
At 1 October 2007	20,355,000	(2,543,616)	17,811,384
Net loss	-	(1,614,043)	(1,614,043)
At 30 September 2008	20,355,000	(4,157,659)	16,197,341

Balance sheet at 30 September 2008

	Notes	2008 £	2007 £
Assets			
Non-current assets			
Intangible assets	9	775,193	661,139
Property, plant and equipment	10	15,035,953	15,826,457
Total non-current assets		15,811,146	16,487,596
Current assets			
Inventories	11	2,348,469	2,023,409
Trade and other receivables	12	4,845,109	5,365,834
Cash and cash equivalents	13	4,222	427,182
Total current assets		7,197,800	7,816,425
Total assets		23,008,946	24,304,021
Liabilities			
Current liabilities			
Borrowings	14	495,296	-
Trade and other payables	15	3,508,230	3,873,459
Total current liabilities		4,003,526	3,873,459
Non-current liabilities			
Other non-current liabilities	16	504,905	446,065
Deferred tax liabilities	17	108,895	-
Deferred income	18	2,194,279	2,173,113
Total non-current liabilities		2,808,079	2,619,178
Total liabilities		6,811,605	6,492,637
Equity			
Shareholders' equity			
Ordinary shares	19	20,355,000	20,355,000
Retained earnings		(4,157,659)	(2,543,616)
Total shareholders' equity		16,197,341	17,811,384
Total equity and liabilities		23,008,946	24,304,021

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

The financial statements on pages 6 to 26 were authorised for issue by the board of directors on 23 February 2009 and were signed on its behalf by:



AD Armstrong



RA Milliken

Directors

Cash flow statement for the year ended 30 September 2008

	Notes	2008 £	2007 £
Cash flows from operating activities			
Cash generated from operations	20	899,724	193,698
Interest received		20,199	34,309
Interest paid		(13,825)	(120)
Net cash from operating activities		906,098	227,887
Cash flows from investing activities			
Purchase of intangible assets		(191,924)	(104,451)
Purchase of property, plant and equipment		(1,929,631)	(1,540,146)
Capital grants received		297,201	485,160
Net cash used in investing activities		(1,824,354)	(1,159,437)
Net decrease in cash and cash equivalents		(918,256)	(931,550)
Cash, cash equivalents and overdrafts at beginning of the year		427,182	1,358,732
Cash, cash equivalents and overdrafts at end of the year	13	(491,074)	427,182

Notes to the financial statements for the year ended 30 September 2008

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.

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

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

Standards, amendments and interpretations effective in the year to 30 September 2008

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

		Effective date
International Accounting Standards (IAS/IFRSs)		
IAS 1 (amended)	Presentation of financial statements - Capital disclosures	1 January 2007
IFRS 7	Financial instruments: Disclosures	1 January 2007
International Financial Reporting Interpretation Committee (IFRIC)		
IFRIC 10	Interim financial reporting and impairment	1 November 2006
IFRIC 11	Group and treasury share transactions	1 March 2007

IFRS 7, 'Financial instruments: Disclosures', and the complementary amendment to IAS 1 'Presentation of financial statements – Capital disclosures', introduces new disclosures relating to financial instruments and does not have any impact on the classification and valuation of the company's financial instruments, or the disclosures relating to taxation and trade and other payables.

Neither of the IFRIC interpretations has any material impact on these financial statements.

1 Accounting policies (continued)

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

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

		Effective date
International Accounting Standards (IAS/IFRSs)		
IFRS 8 *	Operating segments	1 January 2009
IAS 23 *	Borrowing costs (revised)	1 January 2009
IAS 39 * (amended)	Financial instruments: Recognition and measurement on eligible hedged items	1 July 2009
IFRS 1 * (amended)	First time adoption of IFRS	1 January 2009
IAS 27 *	Consolidated and separate financial statements (revised)	1 July 2009
IAS 32 * (amended)	Financial instruments: Presentation	1 January 2009
IAS 1 *	Presentation of financial statements	1 January 2009
IFRS 2 * (amended)	Share based payments	1 January 2009
IFRS 3 *	Business combinations (revised)	1 July 2009

International Financial Reporting Interpretation Committee (IFRIC) Interpretations

IFRIC 12 *	Service concession arrangements	1 January 2008
IFRIC 13 *	Customer loyalty programmes	1 July 2008
IFRIC 14 *	IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction	1 January 2008
IFRIC 15 *	Agreements for construction of real estate	1 January 2009
IFRIC 16 *	Hedges of a net investment in a foreign operator	1 October 2008

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

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

Intangible assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the net identifiable assets at the date of the acquisition. Goodwill is tested annually for impairment and is carried at cost less accumulated impairment losses. Impairment is determined by assessing the recoverable amount of the cash generating unit to which the goodwill relates. Where the recoverable amount of the cash generating unit is less than the carrying amount, an impairment loss is recognised immediately in the income statement and is not subsequently reversed.

Computer software

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

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.

1 Accounting policies (continued)**Property, plant and equipment**

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

The cost of assets is their purchase cost, together with any incidental costs of acquisition. No depreciation is charged on land or assets under the course of construction. For all other 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:

		%
Buildings	-	2
Plant and machinery	-	10
Fixtures and fittings and computer equipment	-	10 - 20
Motor vehicles	-	25

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.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes materials, direct labour and an attributable proportion of manufacturing overheads based upon normal levels of activity. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

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.

Trade and other receivables

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

Cash and cash equivalents

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

Trade payables

Trade payables are stated at fair value.

1 Accounting policies (continued)**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 life of the asset and the lease term.

Current and deferred income tax

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

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

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

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 grants and are credited to the income statement on a straight-line basis over the expected useful economic lives of the related assets.

1 Accounting policies (continued)**Revenue recognition**

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

The company recognises revenue when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the entity. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The company considers this to be upon shipment of products, which is when title to the product is transferred to the customer.

Foreign currency translation

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

Foreign currency transactions are translated into the functional currency at the exchange rate ruling on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in the income statement. All monetary assets and liabilities denominated in foreign currency are translated at the rate of exchange ruling at the balance sheet date and the resulting gain/loss is taken to the income statement.

Pension obligations

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

2 Analysis of revenue

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

3 Financial risk management**Financial risk factors**

The company's operations expose it to a variety of financial risks that include the effects of changes in market prices, credit risk and foreign exchange risk. Liquidity risk and interest rate risk have not been of concern where operations have been largely funded by interest free shareholder loans. Interest bearing assets consist of short-term bank deposits. Interest-bearing liabilities consist primarily of bank overdrafts. The company has in place a risk management program that seeks to limit the adverse effects on the financial performance of the company by monitoring the foregoing risks.

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

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

3 Financial risk management (continued)

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

	2008		2007	
	Impact on post-tax profits £'000	Impact on equity £'000	Impact on post-tax profits £'000	Impact on equity £'000
US dollar weakens by 10% against GBP	-	-	-5	-5
US dollar strengthens by 10% against GBP	-	-	+5	+5

(ii) Cash flow interest rate risk

The company's interest rate risk arises mainly from current borrowings and overdrafts. Borrowings at variable rates expose the company to cash flow interest rate risk. Company policy is to maintain a mix of interest free advances, loans from group companies 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:

	2008		2007	
	Impact on post-tax profits £'000	Impact on equity £'000	Impact on post-tax profits £'000	Impact on equity £'000
Interest rates increase by 1%	+5	+5	+1	+1
Interest rates decrease by 1%	-5	-5	-1	-1

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.

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.

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 income - net

	2008 £	2007 £
Interest expense:		
Interest payable on bank borrowings	(99)	(120)
Interest payable to related parties	(13,726)	-
Finance cost	(13,825)	(120)
Interest income:		
Interest on bank deposits	8,341	34,309
Interest receivable from related parties	11,858	-
Finance income	20,199	34,309
Finance income - net	6,374	34,189

6 Expenses by nature

	2008 £	2007 £
Changes in inventories of finished goods and work-in-progress	(6,152)	373,623
Raw materials and consumables used	5,456,214	5,779,631
Staff costs (Note 7)	5,892,337	5,427,024
Depreciation and amortisation	2,798,005	2,593,098
Loss on disposal of property, plant and equipment	-	3,546
Transfer from capital grant reserve	(276,035)	(225,930)
Revenue grants	-	(15,000)
Other expenses	6,045,727	4,686,667
Operating lease payments	34,889	30,381
Total cost of sales, distribution costs and administrative expenses	19,944,985	18,653,040

Services provided by the auditors and network firms

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

	2008 £	2007 £
Audit services		
- Statutory audit	12,637	11,833
Tax services		
- Compliance services	6,410	3,932
Other services not covered above	419	1,239
	19,466	17,004

7 Employees and directors

	2008 £	2007 £
Staff costs during the year		
Wages and salaries	5,236,587	4,838,945
Social security costs	500,304	463,335
Other pension costs	155,446	124,744
	5,892,337	5,427,024

	Number	Number
Average monthly number of persons employed (including directors) during the year by activity		
Administration	30	32
Operations	218	207
	248	239

	2008 £	2007 £
Key management compensation		
Salaries and short term employee benefits	214,947	176,597
Post employment benefits	10,842	10,178
	225,789	186,775

The key management figures given above include directors.

	2008 £	2007 £
Directors		
Aggregate emoluments	193,810	159,146
Company pension contributions to money purchase schemes	10,842	10,178

One director (2006: one) has retirement benefits accruing under a money purchase scheme.

8 Income tax expense

	2008 £	2007 £
Current tax		
UK Corporation Tax	-	-
Deferred tax		
Origination and reversal of temporary differences	(627,526)	-
Changes in tax laws and rates	1,738,191	-
Adjustment in respect of previous periods	(1,001,770)	1,019,243
Total deferred tax	108,895	1,019,243
Income tax expense	108,895	1,019,243

8 Taxation (continued)

Tax assessed for the period differs from that derived from the standard rate of Corporation Tax in the UK of 28%. The differences are explained below:

	2008 £	2007 £
Loss on ordinary activities before tax	(1,505,148)	(1,194,133)
Loss on ordinary activities before tax at the UK standard rate of 28% (2007: 30%)	(421,441)	(358,240)
Effects of:		
(Income not taxable)/expenses not deductible for tax purposes	(24,687)	(52,471)
Group relief not paid for	(181,398)	-
Changes in tax laws	1,738,191	-
Deferred tax not recognised	-	410,711
Adjustments in respect of previous periods – deferred tax	(1,001,770)	1,019,243
Total taxation (continuing operations)	108,895	1,019,243

The adjustment in respect of changes in tax laws and rates arises due to changes to industrial buildings allowances enacted in the Finance Act 2008.

9 Intangible assets

	Computer software £	Goodwill £	Total £
Cost			
At 1 October 2007	683,136	47,008	730,144
Additions	191,924	-	191,924
At 30 September 2008	875,060	47,008	922,068
Accumulated amortisation			
At 1 October 2007	21,997	47,008	69,005
Charge for the year	77,870	-	77,870
At 30 September 2008	99,867	47,008	146,875
Net book value			
At 30 September 2008	775,193	-	775,193

9 Intangible assets (continued)

	Computer software £	Goodwill £	Total £
Cost			
At 1 October 2006	543,127	47,008	590,135
Additions	104,451	-	104,451
Disposals	(3,248)	-	(3,248)
Transfer from tangible fixed assets	38,806	-	38,806
At 30 September 2007	683,136	47,008	730,144
Accumulated amortisation			
At 1 October 2006	-	47,008	47,008
Charge for the year	7,761	-	7,761
Transfer from tangible fixed assets	14,236	-	14,236
At 30 September 2007	21,997	47,008	69,005
Net book value			
At 30 September 2007	661,139	-	661,139

Amortisation is included within administrative expenses in the income statement.

10 Property, plant and equipment

	Land and buildings £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Total £
Cost					
At 1 October 2007	7,630,808	16,050,201	364,210	477,417	24,522,636
Additions	633,659	1,235,369	23,850	36,753	1,929,631
At 30 September 2008	8,264,467	17,285,570	388,060	514,170	26,452,267
Accumulated depreciation					
At 1 October 2007	441,263	7,994,669	31,096	229,151	8,696,179
Charge for the year	171,685	2,427,969	37,716	82,765	2,720,135
At 30 September 2008	612,948	10,422,638	68,812	311,916	11,416,314
Net book value					
At 30 September 2008	7,651,519	6,862,932	319,248	202,254	15,035,953

10 Property, plant and equipment (continued)

	Land and buildings £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Assets in the course of construction £	Total £
Cost						
At 1 October 2006	3,365,361	15,048,184	226,150	478,577	3,903,322	23,021,594
Assets brought into use	3,903,322	-	-	-	(3,903,322)	-
Transfer to intangible assets	-	-	-	(38,806)	-	(38,806)
Additions	362,125	1,002,315	138,060	37,646	-	1,540,146
Disposals	-	(298)	-	-	-	(298)
At 30 September 2007	7,630,808	16,050,201	364,210	477,417	-	24,522,636
Accumulated depreciation						
At 1 October 2006	283,133	5,672,623	5,780	163,542	-	6,125,078
Transfer to intangible assets	-	-	-	(14,236)	-	(14,236)
Charge for the year	158,130	2,322,045	25,316	79,846	-	2,585,337
At 30 September 2007	441,263	7,994,668	31,096	229,152	-	8,696,179
Net book value						
At 30 September 2007	7,189,545	8,055,533	333,114	248,265	-	15,826,457

Depreciation is included within administrative expenses in the income statement.

11 Inventories

	2008 £	2007 £
Raw materials	1,629,528	1,310,620
Work in progress	500,287	603,344
Finished goods	218,654	109,445
	2,348,469	2,023,409

The cost of inventories recognised as expense and included in cost of sales amount to £5,456,214 (2007: £5,779,631).

12 Trade and other receivables

	2008 £	2007 £
Amounts falling due within one year:		
Trade receivables	1,776,994	1,135,778
Less: Provision for impairment of receivables	-	-
Trade receivables (net)	1,776,994	1,135,778
Amounts due from group undertakings	506,820	32,211
Amounts due from other related parties	2,230,278	3,995,648
Other receivables	259,101	124,103
Prepayments and accrued income	71,916	78,094
	4,845,109	5,365,834

12 Trade and other receivables (continued)

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

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

	2008	2007
	£	£
Currency		
UK Pound	4,718,091	5,334,002
US Dollar	27,696	-
Euro	99,322	31,832
	4,845,109	5,365,834

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

As of 30 September 2008 trade receivables of £500,992 (2007: £146,823) were past due but not impaired. These relate to a number of large multinational companies for which there is little risk of default.

The aged analysis of these trade receivables is as follows:

	2008	2007
	£	£
Up to two months overdue	393,852	146,823
More than two months overdue	107,140	-
	500,992	146,823

13 Cash and cash equivalents

	2008	2007
	£	£
Cash and cash equivalents		
Cash at bank and in hand	4,222	124,800
Short term deposits	-	302,382
	4,222	427,182

The effective interest rate on short term deposits in 2007 was 4.38% and these deposits had an average maturity of seven days.

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

	2008	2007
	£	£
Cash and cash equivalents	4,222	427,182
Bank overdrafts (Note 14)	(495,296)	-
	(491,074)	427,182

14 Financial liabilities - borrowings

	2008	2007
Current	£	£
Bank overdraft	495,296	-

The fair value of borrowings equals their carrying amount as the impact of discounting is not significant.

For the purposes of IFRS 7, the financial liabilities noted above are classified as other financial liabilities. The company has no liabilities that may be classified as held at fair value through profit and loss or derivatives used for hedging.

15 Trade and other payables - current

	2008	2007
	£	£
Trade payables	1,746,765	1,101,153
Amounts owed to group undertakings	895,277	2,031,192
Amounts owed to other related parties	4,980	-
Other creditors	40,369	24,501
Other tax and social security	142,096	165,545
Accruals	678,743	551,068
	3,508,230	3,873,459

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

16 Other non-current liabilities

	2008	2007
	£	£
Accruals	504,905	446,065

The fair value of other non-current liabilities equals their carrying amount, as the impact of discounting is not significant.

Maturity of non-current liabilities

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

	2008	2007
	£	£
In more than one year but not more than two years	151,435	109,849
In more than two years but not more than five years	353,470	336,216
	504,905	446,065

17 Deferred income tax

	2008 £	2007 £
Deferred tax assets:		
- to be recovered after more than 12 months	-	-
- to be recovered within 12 months	175,010	-
	175,010	-
Deferred tax liabilities:		
- to be recovered after more than 12 months	(283,905)	-
- to be recovered within 12 months	-	-
	(283,905)	-
Deferred tax assets/(liabilities) - net	(108,895)	-

The gross movement on the deferred income tax account is as follows:

	2008 £	2007 £
At 1 October	-	1,019,243
Charged to income statement	(108,895)	(1,019,243)
At 30 September	(108,895)	-

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	Accelerated capital allowances £	Tax losses £	Other temporary differences £	Total £
At 1 October 2006	-	-	-	-
Charged to income statement	-	-	-	-
At 30 September 2007	-	-	-	-
Credited to income statement	-	-	175,010	175,010
At 30 September 2008	-	-	175,010	175,010

Deferred tax liabilities	Accelerated capital allowances £	Tax losses £	Other temporary differences £	Total £
At 1 October 2006	-	-	-	-
Charged to income statement	-	-	-	-
At 30 September 2007	-	-	-	-
Charged to income statement	(283,905)	-	-	(283,905)
At 30 September 2008	(283,905)	-	-	(283,905)

17 Deferred income tax (continued)

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:

	2008	2007
	£	£
Accelerated capital allowances	-	799,504
Other temporary differences	-	158,159
	-	957,663

18 Deferred income

Deferred income relates solely to capital grants. The movement on the deferred income account is as shown below:

	£
At 1 October 2006	1,913,883
Capital grants received	485,160
Credited to income statement	(225,930)
At 1 October 2007	2,173,113
Capital grants received	297,201
Credited to income statement	(276,035)
At 30 September 2008	2,194,279

19 Called up share capital

	2008	2007
	£	£
Authorised		
50,000,000 ordinary shares of £1 each	50,000,000	50,000,000
Issued and fully paid		
Ordinary shares of £1 each		
At 1 October 2007 and 30 September 2008	20,355,000	20,355,000

20 Cash generated from operations

	2008	2007
	£	£
Loss before taxation	(1,505,148)	(1,194,133)
Adjustment for:		
Depreciation charge	2,720,135	2,585,337
Amortisation charge	77,870	7,761
Loss on disposal of property, plant and equipment	-	3,546
Release of deferred income	(276,035)	(225,930)
Interest receivable	(20,199)	(34,309)
Interest expense	13,825	120
Increase in trade and other receivables	520,725	(1,467,810)
(Increase)/decrease in inventories	(325,060)	957,705
Decrease in payables	(306,389)	(438,589)
Net cash generated from operations	899,724	193,698

21 Pension commitments

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

Pension costs for the defined contribution scheme are as follows:

	2008 £	2007 £
Defined contribution scheme	155,446	124,744

22 Capital and other financial commitments

	2008 £	2007 £
Contracts placed for future property, plant and equipment expenditure not provided in the financial statements	162,939	284,416

23 Operating lease commitments - minimum lease payments

	2008 £	2007 £
The future aggregate minimum lease payments under non-cancellable operating leases are as follows:		
Within one year	424,929	420,432
Later than one year and less than five years	1,633,943	1,594,693
After five years	3,066,245	3,459,746
	5,125,117	5,474,871

24 Contingent liabilities

The company is party to an unlimited inter-company cross company guarantee in relation to group banking facilities in the United Kingdom.

25 Ultimate controlling party and related party transactions

The immediate parent undertaking of the company at 30 September 2008 and 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.

The ultimate controlling party is Dr Sir Allen McClay.

25 Ultimate controlling party and related party transactions (continued)

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

	2008 £	2007 £
Sales to related parties	9,427,050	10,357,811
Purchases from related parties	2,669,510	2,202,775

Details of balances owed by and to group undertakings are disclosed in notes 12 and 15 respectively.

Other income includes an amount of £208,496 (2007: £214,920) received from related parties.