00533208

uc

Registered no: NI 45055

Almac Pharma Services Limited

Annual report

for the year ended 30 September 2007

Almac Pharma Services Limited

Annual report
for the year ended 30 September 2007

Directors and advisers

Executive directors

Dr Sir Allen McClay OBE, CBE – Chairman
AD Armstrong
JW Irvine
RA Milliken
G McBurney
C Hayburn (appointed 1 October 2007)

Non-executive directors

S Campbell

Secretary

C Hayburn

Registered office

Almac House
20 Seagoe Industrial Estate
Craigavon
BT63 5QD

Solicitors

L'Estrange and Brett
Arnott House
12-16 Bridge Street
Belfast
BT1 1LS

Bankers

Northern Bank
11 Donegall Square West
Belfast
BT1 6JS

Registered auditors

PricewaterhouseCoopers LLP
Waterfront Plaza
8 Laganbank Road
Belfast
BT1 3LR

Directors' report for the year ended 30 September 2007

The directors present their report and the audited financial statements for the year ended 30 September 2007.

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 £1,194,133 (2006: £442,091 profit) for the year and sales of £17,209,798 (2006: £17,380,363). 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 2008, 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.

Post balance sheet events

Details are included in Note 22 to the financial statements.

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 £2,213,376 (2006: £1,129,061 profit). 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 £1,550 (2006: £150) 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.

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
7 January 2008

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
7 January 2008

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 2007, 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 annual report and the financial statements in accordance with applicable Northern Ireland law and International Financial Reporting Standards 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 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 transactions is not disclosed.

We read other information contained in the annual report and consider whether it is consistent with the audited financial statements. The other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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 judgments 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 2007 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

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Belfast
1 February 2008

Income Statement
for the year ended 30 September 2007

	Notes	2007 £	2006 (restated) £
Continuing operations			
Revenue	2	**17,209,798**	17,380,363
Cost of sales		**(11,949,688)**	(12,183,325)
Gross profit		**5,260,110**	5,197,038
Exceptional item - profit on disposal of fixed assets		**-**	1,739,404
Other income		**214,920**	-
Distribution costs		**(641,721)**	(657,542)
Administrative expenses		**(6,061,631)**	(5,810,480)
Operating (loss)/profit		**(1,228,322)**	468,420
Finance income	4	**34,309**	33,725
Finance costs	4	**(120)**	(60,054)
Finance income/(costs) – net		**34,189**	(26,329)
(Loss)/profit before taxation	5	**(1,194,133)**	442,091
Taxation	7	**(1,019,243)**	686,970
(Loss)/profit for the year attributable to equity shareholders		**(2,213,376)**	1,129,061

Statement of changes in shareholders' equity

	Share capital £	Retained earnings £	Total equity £
At 1 October 2005	20,355,000	(1,459,301)	18,895,699
Net profit	-	1,129,061	1,129,061
At 1 October 2006	20,355,000	(330,240)	20,024,760
Net loss	-	(2,213,376)	(2,213,376)
At 30 September 2007	**20,355,000**	**(2,543,616)**	**17,811,384**

Almac Pharma Services Limited

Balance sheet at 30 September 2007

	Notes	2007 £	2006 £
Assets			
Non-current assets			
Intangible assets	8	**661,139**	543,127
Property, plant and equipment	9	**15,826,457**	16,896,516
Deferred tax asset	14	**-**	1,019,243
Total non-current assets		**16,487,596**	18,458,886
Current assets			
Inventories	10	**2,023,409**	2,981,114
Trade and other receivables	11	**5,365,834**	3,898,024
Cash and cash equivalents	12	**427,182**	1,358,732
Total current assets		**7,816,425**	8,237,870
Total assets		**24,304,021**	26,696,756
Liabilities			
Current liabilities			
Trade and other payables	13	**3,873,459**	4,269,346
Total current liabilities		**3,873,459**	4,269,346
Non-current liabilities			
Other non-current liabilities	15	**446,065**	488,767
Deferred income	16	**2,173,113**	1,913,883
Total non-current liabilities		**2,619,178**	2,402,650
Total liabilities		**6,492,637**	6,671,996
Equity			
Shareholders' equity			
Ordinary shares	17	**20,355,000**	20,355,000
Retained earnings		**(2,543,616)**	(330,240)
Total shareholders' equity		**17,811,384**	20,024,760
Total equity and liabilities		**24,304,021**	26,696,756

The financial statements on pages 6 to 22 were approved by the board on 7 January 2008 and were signed on its behalf by:

AD Armstrong RA Milliken

Directors

Cash flow statement
for the year ended 30 September 2007

	Notes	2007 £	2006 £
Cash flows from operating activities			
Cash generated from operations	18	**193,698**	738,283
Interest received		**34,309**	33,725
Interest paid		**(120)**	(63,723)
Net cash from operating activities		**227,887**	708,285
Cash flows from investing activities			
Purchase of intangible assets		**(104,451)**	(284,275)
Purchase of property, plant and equipment		**(1,540,146)**	(5,911,881)
Proceeds from the sale of property, plant and equipment		**-**	4,700,000
Capital grants received		**485,160**	2,002,756
Net cash (used in)/generated from investing activities		**(1,159,437)**	506,600
Net (decrease)/increase in cash and cash equivalents		**(931,550)**	1,214,885
Cash and cash equivalents at 1 October		**1,358,732**	143,847
Cash and cash equivalents at 30 September	12	**427,182**	1,358,732

Notes to the financial statements for the year ended 30 September 2007

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.

These financial statements were authorised for issue by the board of directors on 7 January 2008 and were signed on its behalf by AD Armstrong and RA Milliken.

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.

New standards and interpretations not applied

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 7	Financial instruments: disclosures	1 January 2007
IAS 1 *	Amendment relating to the presentation of financial statements	1 January 2007
IFRS 8 *	Operating segments	1 January 2009
IAS 23 *	Borrowing costs (revised)	1 January 2009
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
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

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.

Under the adoption of IFRS 7, the company will have to disclose additional information about its financial instruments, their significance and the nature and extent of risks they give rise to. More specifically the company will need to disclose the fair value of its financial instruments and its risk exposure in greater detail. There will be no effect on reported income or net assets.

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

1 Accounting policies (continued)

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards and 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.

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 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.

Property, plant and equipment

The cost of assets is their purchase cost, together with any incidental costs of acquisition. No depreciation is charged on land. 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 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 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 recognised within other (losses)/gains – net, in the income statement.

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.

1 Accounting policies (continued)

Trade receivables

Trade receivables do not carry any interest and are recognised and carried at the lower of their original invoiced value and recoverable amount. Provision is made when there is objective evidence that the asset is impaired. Balances are written off when the probability of recovery is assessed as being remote.

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 not interest bearing and are stated at their nominal value.

Borrowings

Interest bearing loans and overdrafts are initially recorded at cost, being the proceeds received net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in 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.

Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership ('finance leases') the assets are treated as if they had been purchased outright. The corresponding leasing commitments are shown as obligations to the lessor. Depreciation is charged to the income statement on a straight line basis over the shorter of the lease terms and the useful lives of equivalent owned assets. Lease payments are treated as consisting of capital and interest elements and the interest is charged to revenue in proportion to the reducing capital element outstanding. Rentals under operating leases are charged to the income statement as incurred.

Taxation

Current tax is provided at the amounts expected to be paid applying tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are recognised to the extent that is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax is provided using rates of tax that have been enacted or substantively enacted by the balance sheet date. Deferred tax liabilities and assets are not discounted.

Revenue recognition

Revenue represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts, VAT and other sales related taxes. Revenue is recognised 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 booked in the functional currency at the exchange rate ruling on the date of the transaction. 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.

1 Accounting policies (continued)

Revenue grants

Revenue grants relating to employment and research and development expenditure are credited to the income statement in the year of receipt.

Capital grants

Capital grants are treated as deferred income which is then credited to the income statement over the related asset's useful life.

Pension costs

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.

Critical accounting estimates and judgements

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below. During the period ended 30 September 2007, there were no critical judgements in relation to the application of the company's accounting policies.

(a) Impairment of tangible and intangible fixed assets

The carrying values of fixed assets subject to depreciation and amortisation are reviewed for impairment when there is an indication that the values of the assets might be impaired. Impairment is determined by reference to the higher of net realisable value and value in use, measured by reference to risk-adjusted future cash flows discounted using appropriate interest rates. These future cash flows are based on business forecasts and are therefore inherently judgemental. Future events could cause the assumptions used in these impairment reviews to change with a consequent adverse effect on the future results of the company.

(b) Income taxes

There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The company recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Restatement of comparative figures in the income statement

Adjustments have been made to the 2006 comparatives for cost of sales and administrative expenses to correct the classification of re-billable materials and expenses. There was no impact on the profit for the year.

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.

3 Financial risk management (continued)

Price risk

The company is not exposed to commodity price risk as a result of its operations nor is the company exposed to equity securities price risk as it holds no listed or other equity investments.

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.

Credit risk

The company has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to individual customers is subject to limits, which are reassessed regularly.

4 Finance income/(costs) – net

	2007	2006
	£	£
Interest expense:		
Interest payable on bank borrowings	**(120)**	(235)
Other finance costs	**-**	(59,819)
Interest and similar charges payable	**(120)**	(60,054)
Interest income:		
Interest on bank deposits	**34,309**	33,725
Total interest receivable	**34,309**	33,725
Finance income/(costs) – net	**34,189**	(26,329)

5 (Loss)/profit before taxation

Is stated after charging/(crediting):	**2007** £	2006 £
Staff costs (Note 6)	**5,427,024**	5,491,598
Inventories		
– cost of inventories recognised as an expense	**5,779,631**	6,460,475
– write down of inventories	**(30,916)**	101,502
Depreciation of property, plant and equipment		
– owned assets	**2,585,337**	2,266,688
Loss/(profit) on disposal of property, plant and equipment	**3,546**	(1,739,404)
Amortisation of intangible assets	**7,761**	-
Trade receivables impairment	**(6,392)**	6,392
Property rental	**393,501**	81,755
Hire of plant and machinery – operating leases	**30,381**	16,913
Revenue grants	**(15,000)**	(26,201)
Deferred grants release	**(225,930)**	(88,873)

5 (Loss)/profit before taxation (continued)

Services provided by the auditors and network firms

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

	2007 £	2006 £
Audit services		
- Statutory audit	**11,833**	10,500
- Audit – related regulatory reporting	**-**	550
Tax services		
- Compliance services	**3,932**	3,675
Other services not covered above	**1,239**	-
	17,004	14,725

6 Employees and directors

	2007 £	2006 £
Staff costs during the year		
Wages and salaries	**4,838,945**	4,923,366
Social security costs	**463,335**	457,137
Other pension costs	**124,744**	111,095
	5,427,024	5,491,598

	Number	Number
Average monthly number of persons employed (including directors) during the year by activity		
Administration	**32**	39
Operations	**207**	204
	239	243

Key management compensation	2007 £	2006 £
Salaries and short term employee benefits	**176,597**	176,752
Post employment benefits	**10,178**	9,607
	186,775	186,359

The key management figures given above include directors.

Directors	2007 £	2006 £
Aggregate emoluments	**159,146**	159,223
Company pension contributions to money purchase schemes	**10,178**	9,607

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

7 Taxation

	2007 £	2006 £
Current tax		
UK corporation tax	-	-
	-	-
Deferred tax		
Origination and reversal of temporary differences	-	(626,999)
Adjustment in respect of previous periods	**1,019,243**	(59,971)
Total deferred tax	**1,019,243**	(686,970)
Taxation	**1,019,243**	(686,970)

Tax assessed for the period differs from the standard rate of corporation tax in the UK of 30%. The differences are explained below:

	2007 £	2006 £
(Loss)/profit on ordinary activities before tax	**(1,194,133)**	442,091
(Loss)/profit on ordinary activities before tax at the UK standard rate of 30%	**(358,240)**	132,627
Effects of:		
(Income not taxable)/expenses not deductible for tax purposes	**(52,471)**	4,476
Capital gains impact	-	(764,102)
Deferred tax not recognised`	**410,711**	-
Adjustments in respect of previous periods – deferred tax	**1,019,243**	(59,971)
Total taxation (continuing operations)	**1,019,243**	(686,970)

8 Intangible assets

	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**

8 Intangible assets (continued)

	Computer software £	Goodwill £	Total £
Cost			
At 1 October 2005	258,852	47,008	305,860
Additions	284,275	-	284,275
At 30 September 2006	**543,127**	**47,008**	**590,135**
Accumulated amortisation			
At 1 October 2005	-	47,008	47,008
Charge for the year	-	-	-
At 30 September 2006	-	**47,008**	**47,008**
Net book value			
At 30 September 2006	**543,127**	-	**543,127**

9 Property, plant and equipment

	Land and buildings £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Assets in course of construction £	Total £
Cost						
At 1 October 2006	3,365,361	15,048,185	226,150	478,576	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**	**16,050,202**	**364,210**	**477,416**	-	**24,522,636**
Accumulated depreciation						
At 1 October 2006	283,133	5,672,624	5,780	163,541	-	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**	**7,994,669**	**31,096**	**229,151**	-	**8,696,179**
Net book value						
At 30 September 2007	**7,189,545**	**8,055,533**	**333,114**	**248,265**	-	**15,826,457**

The net book value of land and buildings comprises:

	2007 £	2006 £
Freehold	**4,288,679**	3,082,228
Long leasehold	**2,900,866**	-
	7,189,545	3,082,228

9 Property, plant and equipment (continued)

	Freehold land and buildings £	Plant and machinery £	Computer equipment £	Fixtures and fittings £	Assets in the course of construction £	Total £
Cost						
At 1 October 2005	5,655,778	12,544,807	333,305	18,643	1,598,554	20,151,087
Additions	745,957	2,508,377	145,272	207,507	2,304,768	5,911,881
Disposals	(3,036,374)	(5,000)	-	-	-	(3,041,374)
At 30 September 2006	**3,365,361**	**15,048,184**	**478,577**	**226,150**	**3,903,322**	**23,021,594**
Accumulated depreciation						
At 1 October 2005	235,780	3,618,168	84,028	1,192	-	3,939,168
Charge for the year	123,131	2,059,455	79,514	4,588	-	2,266,688
Disposals	(75,778)	(5,000)	-	-	-	(80,778)
At 30 September 2006	**283,133**	**5,672,623**	**163,542**	**5,780**	-	**6,125,078**
Net book value						
At 30 September 2006	**3,082,228**	**9,375,561**	**315,035**	**220,370**	**3,903,322**	**16,896,516**

10 Inventories

	2007 £	2006 £
Raw materials	**1,310,620**	1,894,702
Work in progress	**603,344**	847,620
Finished goods	**109,445**	238,792
	2,023,409	2,981,114

The cost of inventories recognised as expense and included in cost of sales amount to £5,779,631 (2006: £6,460,475).

11 Trade and other receivables

	2007 £	2006 £
Amounts falling due within one year:		
Trade debtors	**1,135,778**	825,263
Less: Provision for impairment of receivables	-	(6,392)
Trade debtors (net)	**1,135,778**	818,871
Amounts due from group undertakings	**4,027,859**	2,864,029
Other debtors	**124,103**	187,596
Prepayments and accrued income	**78,094**	27,528
	5,365,834	3,898,024

11 Trade and other receivables (continued)

The fair values of trade and other receivables are as follows:

	2007 £	2006 £
Trade debtors (net)	**1,135,778**	818,871
Amounts due from group undertakings	**4,027,859**	2,864,029
Other debtors	**124,103**	187,596
Prepayments and accrued income	**78,094**	27,528
	5,365,834	3,898,024

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

	2007 £	2006 £
Currency		
UK Pound	**5,334,002**	3,898,024
Euro	**31,832**	-
	5,365,834	3,898,024

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable above.

Movements on the provision for impairment of trade receivables are as follows:

	2007 £	2006 £
At 1 October	**6,392**	-
Provision for receivables impairment	-	6,392
Unused amounts reversed	**(6,392)**	-
At 30 September	-	6,392

12 Cash and cash equivalents

	2007 £	2006 £
Cash and cash equivalents		
Cash at bank and in hand	**124,800**	70,107
Short term deposits	**302,382**	1,288,625
	427,182	1,358,732

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

13 Trade and other payables - current

	2007	2006
	£	£
Trade payables	**1,101,153**	1,537,619
Amounts owed to group undertakings	**2,031,192**	-
Other creditors	**24,501**	30,769
Other tax and social security	**165,545**	129,674
Accruals	**551,068**	2,571,284
	3,873,459	4,269,346

14 Deferred tax asset

Deferred tax is calculated on temporary differences under the liability method using a tax rate of 28% (2006: 30%).

The movement on the deferred tax account is as shown below:

	£
At 1 October 2005	332,273
Credited to income statement	686,970
At 1 October 2006	1,019,243
Charged to income statement	(1,019,243)
At 30 September 2007	**-**

	Not provided	Provided
	2007	2006
	£	£
Deferred taxation asset comprises:		
Accelerated capital allowances	**799,504**	869,680
Provisions	**158,159**	149,563
	957,663	1,019,243

15 Other non-current liabilities

	2007	2006
	£	£
Accruals	**446,065**	488,767

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

16 Deferred income

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

	£
At 1 October 2005	-
Capital grants received	2,002,756
Credited to income statement	(88,873)
At 1 October 2006	1,913,883
Capital grants received	485,160
Credited to income statement	(225,930)
At 30 September 2007	**2,173,113**

17 Called up share capital

	2007 £	2006 £
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 2006 and **30 September 2007**	**20,355,000**	20,355,000

18 Cash flows from operating activities

Reconciliation of net (loss)/profit to net cash inflow from operating activities:

Cash generated from operations	**2007** £	2006 £
Net (loss)/profit	**(2,213,376)**	1,129,061
Adjustment for:		
Taxation	**1,019,243**	(686,970)
Depreciation charge	**2,585,337**	2,266,688
Amortisation charge	**7,761**	-
Loss/(profit) on disposal of property, plant and equipment	**3,546**	(1,739,404)
Release of deferred income	**(225,930)**	(88,873)
Interest receivable	**(34,309)**	(33,725)
Interest expense	**120**	63,723
Increase in trade and other receivables	**(1,467,810)**	(350,936)
Decrease/(increase) in inventories	**957,705**	(274,370)
(Decrease)/increase in payables	**(438,589)**	453,089
Net cash inflow from operating activities	**193,698**	738,283

19 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:

	2007 £	2006 £
Defined contribution scheme	**124,744**	111,095

20 Capital and other financial commitments

	2007 £	2006 £
Contracts placed for future capital expenditure not provided in the financial statements	**284,416**	441,668

21 Operating lease commitments - minimum lease payments

	2007 £	2006 £
The future aggregate minimum lease payments under non-cancellable operating leases are as follows:		
Within one year	**420,432**	426,914
Later than one year and less than five years	**1,594,693**	1,615,852
After five years	**3,459,746**	3,853,245
	5,474,871	5,896,011

22 Events after the balance sheet date

A number of changes to the UK Corporation Tax system were announced as part of the March 2007 budget statement. Certain of these changes were substantively enacted in the 2007 Finance Act on 26 June 2007. The impact of the changes has been recognised in these financial statements.

Certain other changes are expected to be enacted in the Finance Act 2008. The impact of these changes will be recognised in the period in which the Finance Act 2008 is substantively enacted, which is expected to be in the year to 30 September 2008.

The changes to the industrial building allowances available will result in an increase of deferred tax liabilities recognised in respect of land and buildings. The increase expected to be recognised in the 2008 year is estimated at £1.6m and will be recognised in the income statement.

23 Ultimate controlling party and related party transactions

The ultimate controlling party is Dr Sir Allen McClay, who is a director of the company.

Transactions entered into during the year with related parties (by virtue of common ownership), and balances outstanding at 30 September are as follows:

	2007 £	2006 £
Sales to related parties	**10,357,811**	12,191,770
Purchases from related parties	**2,202,775**	2,525,079

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

Other income includes an amount of £214,920 (2006: £Nil) received from related parties.

Interest payable includes an amount of £nil (2006: £59,819) paid to related parties.

During the year ended 30 September 2006, buildings were sold to the Almac Sciences Employee Benefit Trust, a related party, for consideration of £4,700,000, realising a profit on disposal of £1,739,404. This transaction was carried out on an arms length basis.