



**Company Registration No: NI45055**

**PHARMACEUTICAL DEVELOPMENT &  
MANUFACTURING SERVICES LIMITED**

**REPORT AND FINANCIAL  
STATEMENTS**

**30 September 2005**



**PHARMACEUTICAL DEVELOPMENT & MANUFACTURING SERVICES  
LIMITED**

**CONTENTS**

|   | <b>Page</b> |
|---|-------------|
| <b>Officers and professional advisors</b> | <b>1</b>    |
| <b>Report of the directors</b>            | <b>2-3</b>  |
| <b>Independent auditors' report</b>       | <b>4</b>    |
| <b>Profit and loss account</b>            | <b>5</b>    |
| <b>Balance sheet</b>                      | <b>6</b>    |
| <b>Cash flow statement</b>                | <b>7</b>    |
| <b>Notes to the financial statements</b>  | <b>8-18</b> |

**PHARMACEUTICAL DEVELOPMENT & MANUFACTURING SERVICES  
LIMITED**

**OFFICERS AND PROFESSIONAL ADVISORS**

**DIRECTORS**

Dr A McClay  
A Armstrong  
S Campbell  
J Irvine  
R Milliken  
G McBurney

**SECRETARY**

C Hayburn

**REGISTERED OFFICE**

Almac House  
20 Seagoe Industrial Estate  
Craigavon  
BT63 5QD

**AUDITORS**

Deloitte & Touche LLP  
Chartered Accountants  
and Registered Auditors  
Belfast

**BANKERS**

Bank of Ireland  
Donegal House  
7 Donegal Square North  
Belfast

**SOLICITORS**

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

# **PHARMACEUTICAL DEVELOPMENT & MANUFACTURING SERVICES LIMITED**

## **DIRECTORS' REPORT**

The directors present their report and the audited financial statements for the year ended 30 September 2005.

### **PRINCIPAL ACTIVITIES**

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

### **BUSINESS REVIEW AND FUTURE DEVELOPMENTS**

The directors consider the results for the year and the balance sheet position to be satisfactory. The company will seek every opportunity to increase profitable turnover.

### **RESULTS AND DIVIDENDS**

The results of the company for the year are set out in detail on page 5. No dividend has been paid or proposed. The loss after tax for the year is £524,922 (2004 – £934,379) leaving retained losses carried forward of £1,459,301 (2004 - £934,379).

### **FIXED ASSETS**

Tangible fixed assets and capital expenditure during the period are detailed in Note 7 to the financial statements.

# PHARMACEUTICAL DEVELOPMENT & MANUFACTURING SERVICES LIMITED

## DIRECTORS' REPORT (CONT'D)

### DIRECTORS

The directors holding office during the year and to the date of this report were:

Dr A McClay  
A Armstrong  
S Campbell  
J Irvine  
R Milliken  
G McBurney

The directors who served at the year end and who had an interest in the shares of the company were as follows:

|             | 30 September 2005  |            | 30 September 2004  |            |
|-------------|--------------------|------------|--------------------|------------|
|             | £1 Ordinary Shares |            | £1 Ordinary Shares |            |
|             | No                 | £          | No                 | £          |
| Dr A McClay | 20,355,000         | 20,355,000 | 20,000,000         | 20,000,000 |

### STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom company law requires the directors to prepare financial statements for each accounting period which give a true and fair view of the state of affairs of the company as at the end of the financial period and of the profit or loss of the company for that period. In preparing those 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business; and
- state whether suitable accounting standards have been followed.

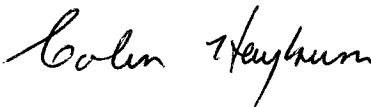
The directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and which enable them to ensure that the financial statements are prepared in compliance with the Companies (Northern Ireland) Order 1986. They are also responsible for the system of internal control, for safeguarding the assets of the company, including the maintenance of adequate procedures to prevent and detect fraud and other irregularities.

### AUDITORS

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors and a resolution proposing their re-appointment will be submitted to the members at the Annual General Meeting.

Approved by the Board of Directors  
and signed by order of the Board on 31 January 2006

C Hayburn  
Secretary



# **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PHARMACEUTICAL DEVELOPMENT & MANUFACTURING SERVICES LIMITED**

We have audited the financial statements of Pharmaceutical Development & Manufacturing Services Limited for the year ended 30 September 2005 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes 1 to 19. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Article 243 of the Companies (Northern Ireland) Order 1986. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

## **Respective responsibilities of directors and auditors**

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies (Northern Ireland) Order 1986. We also report if, in our opinion, the directors' report is not consistent with the financial statements, if 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 with the company is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

## **Basis of audit opinion**

We conducted our audit in accordance with United Kingdom auditing standards 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 of the state of the company's affairs as at 30 September 2005 and of its loss for the year then ended and have been properly prepared in accordance with the Companies (Northern Ireland) Order 1986.



DELOITTE & TOUCHE LLP  
Chartered Accountants and Registered Auditors  
Belfast

7 March 2006

**PHARMACEUTICAL DEVELOPMENT & MANUFACTURING SERVICES  
LIMITED**

**PROFIT & LOSS ACCOUNT  
Year ended 30 September 2005**

|  |             | <b>30 September<br/>2005</b> | <b>11 months<br/>ended<br/>30 September<br/>2004</b> |
|--|-------------|------------------------------|--|
|  | <b>Note</b> | <b>£</b>                     | <b>£</b>   |
| <b>TURNOVER</b>  |             | 14,638,217                   | 11,471,089   |
| Cost of sales  |             | (10,767,625)                 | (9,096,681)  |
| <b>Gross Profit</b>                                    |             | 3,870,592                    | 2,374,408  |
| Selling and distribution costs                         |             | (684,555)                    | (430,684)  |
| Administrative expenses                                |             | (4,251,615)                  | (3,069,192)  |
| Other operating income                                 |             | 259,474                      | 170,215  |
| <b>OPERATING LOSS</b>                                  |             | (806,104)                    | (955,253)  |
| Interest payable and similar charges                   | 4           | (62,697)                     | (3,093)  |
| Interest receivable and similar income                 |             | 11,606                       | 23,967   |
| <b>LOSS ON ORDINARY ACTIVITIES BEFORE<br/>TAXATION</b> | 2           | (857,195)                    | (934,379)  |
| Tax credit on loss on ordinary activities              | 5           | 332,273                      | -  |
| <b>LOSS FOR THE FINANCIAL YEAR/PERIOD</b>              | 13          | (524,922)                    | (934,379)  |

All activities derive from continuing operations.

There are no gains and losses for the current year and preceding financial period other than those in the profit and loss account. Accordingly, no statement of total recognised gains and losses has been prepared.

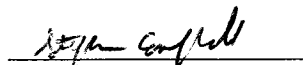
The notes numbered 1 to 19 form part of these financial statements.

**PHARMACEUTICAL DEVELOPMENT & MANUFACTURING SERVICES  
LIMITED**

**BALANCE SHEET  
As at 30 September 2005**

|  | Note | 30 September<br>2005<br>£ | 30 September<br>2004<br>£ |
|--|------|---------------------------|---------------------------|
| <b>FIXED ASSETS</b>                          |      |                           |                           |
| Intangible assets                            | 6    | -                         | 73,525                    |
| Tangible assets                              | 7    | 16,470,771                | 16,459,358                |
|  |      | <u>16,470,771</u>         | <u>16,532,883</u>         |
| <b>CURRENT ASSETS</b>                        |      |                           |                           |
| Stock  | 8    | 2,706,744                 | 2,571,923                 |
| Debtors                                      | 9    | 3,879,361                 | 1,843,484                 |
| Cash at bank and in hand                     |      | 143,847                   | 811,613                   |
|  |      | <u>6,729,952</u>          | <u>5,227,020</u>          |
| <b>CREDITORS</b>                             |      |                           |                           |
| Amounts falling due within one year          | 10   | (4,015,121)               | (2,544,282)               |
| <b>NET CURRENT ASSETS</b>                    |      | <u>2,714,831</u>          | <u>2,682,738</u>          |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b> |      | 19,185,602                | 19,215,621                |
| <b>CREDITORS</b>                             |      |                           |                           |
| Amounts falling due after more than one year | 11   | (289,903)                 | (150,000)                 |
| <b>NET ASSETS</b>                            |      | <u>18,895,699</u>         | <u>19,065,621</u>         |
| <b>CAPITAL AND RESERVES</b>                  |      |                           |                           |
| Called up share capital                      | 12   | 20,355,000                | 20,000,000                |
| Profit and loss account (deficit)            | 13   | (1,459,301)               | (934,379)                 |
| <b>EQUITY SHAREHOLDERS' FUNDS</b>            | 14   | <u>18,895,699</u>         | <u>19,065,621</u>         |

These financial statements were approved by the Board of Directors on 31 January 2006  
Signed on behalf of the Board of Directors



Stephen Campbell

Director



**PHARMACEUTICAL DEVELOPMENT & MANUFACTURING SERVICES  
LIMITED**

**CASH FLOW STATEMENT  
Year ended 30 September 2005**

|   | Note  | 30 September<br>2005<br>£ | 11 months<br>ended<br>30 September<br>2004<br>£ |
|---|-------|---------------------------|---|
| Net cash outflow from operating activities                                      | 15    | 1,068,807                 | (1,268,306)                                     |
| <b>Returns on investments and servicing of finance</b>                          |       |                           |   |
| Interest received   |       | 11,606                    | 23,967  |
| Interest paid   |       | (3,789)                   | (3,093)   |
|   |       | <hr/>                     | <hr/>   |
| <b>Net cash inflow from returns on investments and servicing<br/>of finance</b> |       | (51,091)                  | 20,874  |
|   |       | <hr/>                     | <hr/>   |
| <b>Capital expenditure</b>  |       |                           |   |
| Payments to acquire tangible fixed assets                                       |       | (2,314,014)               | (907,725)                                       |
| Receipts from sales of tangible fixed assets                                    |       | 173,402                   | -   |
|   |       | <hr/>                     | <hr/>   |
| <b>Net cash outflow from capital expenditure</b>                                |       | (2,140,612)               | (907,725)                                       |
|   |       | <hr/>                     | <hr/>   |
| <b>Acquisitions</b>   |       |                           |   |
| VAT repayment on acquisition costs in the prior year                            |       | 41,222                    | -   |
| Purchase of business  |       | -                         | (16,750,000)                                    |
| Acquisition costs   |       | -                         | (638,230)                                       |
|   |       | <hr/>                     | <hr/>   |
| <b>Net cash inflow/(outflow) from acquisitions</b>                              |       | 41,222                    | (17,388,230)                                    |
|   |       | <hr/>                     | <hr/>   |
| <b>Net cash outflow before financing</b>  |       | (1,022,766)               | (19,543,387)                                    |
|   |       | <hr/>                     | <hr/>   |
| <b>Financing</b>  |       |                           |   |
| Directors loan  |       | -                         | 355,000   |
| Issue of Ordinary Share Capital   |       | 355,000                   | 19,999,998                                      |
|   |       | <hr/>                     | <hr/>   |
| <b>Net cash inflow from financing</b>   |       | 355,000                   | 20,354,998                                      |
|   |       | <hr/>                     | <hr/>   |
| <b>(Decrease)/Increase in cash in the period</b>                                | 16&17 | (667,766)                 | 811,611   |
|   |       | <hr/>                     | <hr/>   |

# **PHARMACEUTICAL DEVELOPMENT & MANUFACTURING SERVICES LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS Year ended 30 September 2005**

### **1. ACCOUNTING POLICIES**

The principal accounting policies are summarised below. They have all been applied consistently throughout the period.

#### **Basis of accounting**

The accounts have been prepared under the historical cost convention and in accordance with the Companies (Northern Ireland) Order 1986 and applicable United Kingdom accounting standards.

#### **Intangible assets - goodwill**

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life, which is five years. Provision is made for any impairment.

#### **Tangible fixed assets**

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

|                            |          |
|----------------------------|----------|
| Buildings                  | 50 years |
| Plant, Fixtures & Fittings | 10 years |
| Computers Equipment        | 5 years  |
| Motor Vehicles             | 4 years  |

#### **Stocks**

Stocks are stated at the lower of cost and net realisable value. Cost includes materials, direct labour and an attributable proportion of manufacturing overheads based on 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.

#### **Taxation**

UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is not recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

# **PHARMACEUTICAL DEVELOPMENT & MANUFACTURING SERVICES LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS Year ended 30 September 2005**

### **1. ACCOUNTING POLICIES (CONTINUED)**

#### **Taxation (Continued)**

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

#### **Turnover**

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts, VAT and other sales related taxes.

#### **Pension costs**

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company in the financial year.

#### **Foreign currency**

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction or, if hedged, at the forward contract rate. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date or, if appropriate, at the forward contract rate. All exchange differences are included in the profit and loss account.

### **2. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION**

|  | 12 months<br>ended 30<br>September<br>2005<br>£ | 11 months<br>ended<br>30 September<br>2004<br>£ |
|--|---|---|
| The operating loss is stated after charging: |   |   |
| Auditors' remuneration:                      |   |   |
| - Audit fees                                 | 10,000  | 9,000   |
| - Non-audit fees                             | 3,000   | 3,000   |
| Depreciation                                 |   |   |
| - owned assets                               | 2,190,800                                       | 1,748,367                                       |
| Amortisation                                 |   |   |
| - goodwill                                   | 32,303  | 14,705  |
| Profit on disposal of fixed assets           | 61,602  | -   |

**PHARMACEUTICAL DEVELOPMENT & MANUFACTURING SERVICES  
LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
Year ended 30 September 2005**

**3. DIRECTORS AND EMPLOYEES**

(i) Directors emoluments

|   | <b>12 months<br/>ended 30<br/>September<br/>2005</b> | <b>11 months<br/>ended 30<br/>September<br/>2004</b> |
|---|--|--|
|   | <b>£</b>   | <b>£</b>   |
| Remuneration: salaries and taxable benefits | 148,291  | 88,427   |
| Pension scheme contributions                | 8,656  | 7,028  |
|   | <u>156,947</u>                                       | <u>95,455</u>  |

Retirement benefits are accruing to one director under a money purchase scheme.

(ii) Staff costs

|                       | <b>12 months<br/>ended 30<br/>September<br/>2005</b> | <b>11 months<br/>ended 30<br/>September<br/>2004</b> |
|-----------------------|--|--|
|                       | <b>£</b>   | <b>£</b>   |
| Salaries and wages    | 4,405,118  | 3,836,551  |
| Social security costs | 403,482  | 353,717  |
| Other pension costs   | 105,017  | 89,644   |
|                       | <u>4,913,617</u>                                     | <u>4,279,912</u>                                     |

(iii) The average weekly number of persons (including directors) employed by the company during the period was:

|                      | <b>12 months<br/>ended 30<br/>September<br/>2005</b> | <b>11 months<br/>ended 30<br/>September<br/>2004</b> |
|----------------------|--|--|
|                      | <b>No.</b>   | <b>No.</b>   |
| Operations Staff     | 215  | 250  |
| Administration Staff | 35   | 29   |
|                      | <u>250</u>   | <u>279</u>   |

(iv) Transactions involving directors

Five of the directors (Dr A McClay, A Armstrong, S Campbell, J Irvine and R Milliken) are also directors of Almac Sciences Group Limited, Clinical Trial Services Limited, Galen Limited, Chemical Synthesis Services Limited and CSS-Albachem Limited the transactions with which are given in note 19.

**PHARMACEUTICAL DEVELOPMENT & MANUFACTURING SERVICES  
LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
Year ended 30 September 2005**

**4. INTEREST PAYABLE AND SIMILAR CHARGES**

|                                      | 12 months<br>ended 30<br>September<br>2005 | 11 months<br>ended 30<br>September<br>2004 |
|--------------------------------------|--|--|
|                                      | £  | £  |
| Interest Payable and Similar Charges | 62,697                                     | 3,093                                      |

**5. TAX ON LOSS ON ORDINARY ACTIVITIES**

There is no tax charge in either period.

|  | 12 months<br>ended 30<br>September<br>2005<br>£ | 11 months<br>ended 30<br>September<br>2004<br>£ |
|--|---|---|
| <b>(a) Analysis of credit in year</b>            |   |   |
| Current tax:                                     |   |   |
| UK corporation tax on profit of the current year | -   | -   |
| Adjustments in respect of previous periods       | -   | -   |
| Total current tax                                | -   | -   |
| Deferred tax:                                    |   |   |
| Origination and reversal of timing differences   | (332,273)                                       | -   |
| Total deferred tax                               | (332,273)                                       | -   |
| Tax on loss on ordinary activities               | (332,273)                                       | -   |

**(b) Reconciliation of tax**

|  | £         | £         |
|--|-----------|-----------|
| Loss on ordinary activities - £857,195 at 30% (2004:£934,379 at 30%) | (257,159) | (280,314) |
| Permanent differences between accounting and taxation profits:       |           |           |
| Disallowed expenses  | 145,340   | 33,029    |
| Depreciation in excess of capital allowances                         | 70,687    | 196,656   |
| Short term timing differences  | 42,089    | 50,629    |
| Excess of profit on disposal over chargeable gain                    | (957)     | -         |
|  | -         | -         |

**PHARMACEUTICAL DEVELOPMENT & MANUFACTURING SERVICES  
LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
Year ended 30 September 2005**

**5. TAX ON LOSS ON ORDINARY ACTIVITIES (continued)**

A deferred tax asset of £332,273 has been recognised at 30 September 2005. The asset primarily relates to deferred tax on capital allowances (note 9). Following a review of the company projections for the forthcoming period it is considered more likely than not that the profits in the next financial year will be sufficient to absorb the release of this asset. The unrecognised deferred tax asset relates to a short term difference, the reversal of which is uncertain. The estimated value of the deferred tax asset not recognised, measured at 30% is £86,971.

The unprovided deferred tax balance is made up as follows:

|                                | <b>12 months<br/>ended 30<br/>September<br/>2005<br/>£</b> | <b>11 months<br/>ended 30<br/>September<br/>2004<br/>£</b> |
|--------------------------------|--|--|
| Accelerated capital allowances | -  | 196,656  |
| Short term timing differences  | 86,971   | 50,629   |
|                                | <u>86,971</u>  | <u>247,285</u>   |

**PHARMACEUTICAL DEVELOPMENT & MANUFACTURING SERVICES  
LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
Year ended 30 September 2005**

**6. INTANGIBLE FIXED ASSETS**

|   | <b>2005</b> |
|---|-------------|
|   | <b>£</b>    |
| Goodwill  |             |
| <b>Cost:</b>  |             |
| At 1 October 2004                                   | 88,230      |
| Reduction in cost of goodwill due to VAT repayment. | (41,222)    |
|   | <hr/>       |
| At 30 September 2005                                | 47,008      |
|   | <hr/>       |
| <b>Amortisation:</b>                                |             |
| At 1 October 2004                                   | 14,705      |
| Charge for period                                   | 32,303      |
|   | <hr/>       |
| At 30 September 2005                                | 47,008      |
|   | <hr/>       |
| <b>Net Book Value:</b>                              |             |
| At 30 September 2005                                | -           |
|   | <hr/>       |
| At 30 September 2004                                | 73,525      |
|   | <hr/>       |

# Deloitte.

Deloitte & Touche LLP  
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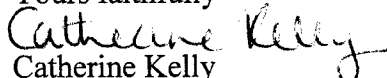
Dear Sirs

In accordance with Art. 249(3) of the Companies (NI) Order (1986), we are pleased to enclose on behalf of the following client accounts for the year ended 30 September 2005.

| Company name  | Reg. No. |
|---|----------|
| Pharmaceutical Development and Manufacturing Services Limited | NI 45055 |

We shall be obliged if you could acknowledge delivery of the above accounts by the issue of the appropriate receipt.

Yours faithfully

  
Catherine Kelly



**PHARMACEUTICAL DEVELOPMENT & MANUFACTURING SERVICES  
LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 30 September 2005**

**7. TANGIBLE FIXED ASSETS**

|                             | <b>Land &amp;<br/>Buildings<br/>£</b> | <b>Plant &amp;<br/>Equipment<br/>£</b> | <b>Fixtures &amp;<br/>Fittings<br/>£</b> | <b>Payments on<br/>account and<br/>Assets in the<br/>course of<br/>construction<br/>£</b> | <b>Total<br/>£</b> |
|-----------------------------|---------------------------------------|--|--|---|--------------------|
| <b>Cost:</b>                |                                       |  |  |   |                    |
| At 1 October 2004           | 5,680,000                             | 11,804,752                             | 4,760                                    | 718,213   | 18,207,725         |
| Additions                   | 87,578                                | 1,148,540                              | 13,883                                   | 1,064,013   | 2,314,014          |
| Disposals                   | (111,800)                             | -                                      | -  | -   | (111,800)          |
| Transfers                   | -                                     | 183,672                                | -  | (183,672)   | -                  |
| <b>At 30 September 2005</b> | <b>5,655,778</b>                      | <b>13,136,964</b>                      | <b>18,643</b>                            | <b>1,598,554</b>  | <b>20,409,939</b>  |
| <b>Depreciation:</b>        |                                       |  |  |   |                    |
| At 1 October 2004           | 109,624                               | 1,638,496                              | 247                                      | -   | 1,748,367          |
| Charge for period           | 126,156                               | 2,063,700                              | 945                                      | -   | 2,190,800          |
| <b>At 30 September 2005</b> | <b>235,780</b>                        | <b>3,702,196</b>                       | <b>1,192</b>                             | <b>-</b>  | <b>3,939,168</b>   |
| <b>Net Book Value:</b>      |                                       |  |  |   |                    |
| At 30 September 2005        | 5,419,998                             | 9,434,768                              | 17,451                                   | 1,598,554   | 16,470,771         |
| At 30 September 2004        | 5,570,376                             | 10,166,256                             | 4,513                                    | 718,213   | 16,459,358         |

Included in the cost of land and buildings is £90,000 in relation to land which is not depreciated.

**8. STOCK**

|                  | <b>2005<br/>£</b> | <b>2004<br/>£</b> |
|------------------|-------------------|-------------------|
| Raw materials    | 1,478,713         | 1,719,812         |
| Work in progress | 984,315           | 681,116           |
| Finished goods   | 243,716           | 170,995           |
|                  | <b>2,706,744</b>  | <b>2,571,923</b>  |

**PHARMACEUTICAL DEVELOPMENT & MANUFACTURING SERVICES  
LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 30 September 2005**

**9. DEBTORS**

|                                | 2005<br>£        | 2004<br>£        |
|--------------------------------|------------------|------------------|
| Trade debtors                  | 3,462,175        | 1,765,272        |
| Other debtors                  | 6,449            | 56,333           |
| Prepayments and accrued income | 78,464           | 21,879           |
| Deferred Tax Asset (note 5)    | 332,273          | -                |
|                                | <u>3,879,361</u> | <u>1,843,484</u> |

**10. CREDITORS – amounts falling due within one year**

|                                 | 2005<br>£        | 2004<br>£        |
|---------------------------------|------------------|------------------|
| Trade creditors                 | 3,145,931        | 1,609,327        |
| Other creditors                 | -                | 383,659          |
| Other taxes and social security | 341,210          | 107,104          |
| Accruals                        | 527,980          | 444,192          |
|                                 | <u>4,015,121</u> | <u>2,544,282</u> |

Included in other creditors is a director's loan amounting to Nil (2004: £355,000). This loan was capitalised as ordinary shares on 14 December 2004.

**11. CREDITORS – amounts falling due after more than one year**

|                 | 2005<br>£      | 2004<br>£      |
|-----------------|----------------|----------------|
| Other creditors | <u>289,903</u> | <u>150,000</u> |

**PHARMACEUTICAL DEVELOPMENT & MANUFACTURING SERVICES  
LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
Year ended 30 September 2005**

**12. CALLED UP SHARE CAPITAL**

|   | 2005<br>£  | 2004<br>£  |
|---|------------|------------|
| <b>Authorised:</b>  |            |            |
| 50,000,000 Ordinary Shares of £1 each                     | 50,000,000 | 50,000,000 |
| <b>Called up, allotted and fully paid:</b>                |            |            |
| 20,355,000 (2004 – 20,000,000) Ordinary Shares of £1 each | 20,355,000 | 20,000,000 |

On 14 December 2004, 355,000 £1 ordinary shares were issued in release of a loan of £355,000 made to the company by Dr. Allen McClay.

**13. PROFIT AND LOSS ACCOUNT**

|   | 2005<br>£   |
|---|-------------|
| Balance at start of the year              | (934,379)   |
| Loss for the financial year               | (524,922)   |
| Accumulated losses at the end of the year | (1,459,301) |

**14. RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDERS' FUNDS**

|   | 2005<br>£  | 2004<br>£  |
|---|------------|------------|
| Opening shareholders' funds                           | 19,065,621 | 2          |
| Loss for the financial period                         | (524,922)  | (934,379)  |
| Ordinary Shares issued in the period at nominal value | 355,000    | 19,999,998 |
| Closing shareholders' funds                           | 18,895,699 | 19,065,621 |

**PHARMACEUTICAL DEVELOPMENT & MANUFACTURING SERVICES  
LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
Year ended 30 September 2005**

**15. RECONCILIATION OF OPERATING LOSS TO NET CASH FLOW FROM OPERATING  
ACTIVITIES**

|   | <b>2005</b>      | <b>2004</b>        |
|---|------------------|--------------------|
|   | <b>£</b>         | <b>£</b>           |
| Operating loss                                      | (806,104)        | (955,253)          |
| Depreciation and amortisation charges               | 2,223,103        | 1,763,072          |
| Increase in debtors                                 | (1,703,604)      | (1,843,484)        |
| Increase in stock                                   | (134,821)        | (2,571,923)        |
| Increase in creditors                               | 1,551,834        | 2,339,282          |
| Profit on sale of fixed assets                      | (61,601)         | -                  |
| Net cash inflow/(outflow) from operating activities | <u>1,068,807</u> | <u>(1,268,306)</u> |

**16. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS**

|   | <b>2005</b>    | <b>2004</b>    |
|---|----------------|----------------|
|   | <b>£</b>       | <b>£</b>       |
| (Decrease)/Increase in cash in the period | (667,766)      | 811,611        |
| Net funds at start of period              | <u>811,613</u> | <u>2</u>       |
| Net funds at end of period                | <u>143,847</u> | <u>811,613</u> |

**17. ANALYSIS OF NET FUNDS**

|                          | <b>At<br/>1 October<br/>2004<br/>£</b> | <b>Other<br/>non-cash<br/>changes<br/>£</b> | <b>Cash flow<br/>£</b> | <b>At<br/>30 September<br/>2005<br/>£</b> |
|--------------------------|--|---|------------------------|---|
| Cash at bank and in hand | <u>811,613</u>                         | <u>-</u>                                    | <u>(667,766)</u>       | <u>143,847</u>                            |

**18. COMMITMENTS AND CONTINGENCIES**

No contingent liabilities existed at the balance sheet date.

At 30 September 2005 the company had capital commitments as follows:

|   | <b>2005</b>    | <b>2004</b>      |
|---|----------------|------------------|
|   | <b>£</b>       | <b>£</b>         |
| Contracted for but not provided for in the accounts | <u>385,000</u> | <u>2,237,000</u> |

**PHARMACEUTICAL DEVELOPMENT & MANUFACTURING SERVICES  
LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 30 September 2005**

**19. RELATED PARTY TRANSACTIONS**

The ultimate controlling party is Dr Allen McClay, a director of the company. Dr A McClay is also the majority shareholder in the following companies Almac Sciences Group Limited, Clinical Trial Services Limited, Galen Limited, Chemical Synthesis Services Limited and CSS-Albachem Limited.

Transactions entered into during the year with the above related parties, and balances outstanding at 30 September are as follows:

|                                  | <b>2005</b> |
|----------------------------------|-------------|
|                                  | <b>£</b>    |
| Sales to related parties:        | 10,217,517  |
| Purchases from related parties:  | 732,657     |
| Amounts owed by related parties: | 2,919,984   |
| Amounts owed to related parties: | 1,310,004   |

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