

**Almac Pharma Services Limited**  
**Annual report and financial statements**  
**for the year ended 30 September 2010**



# **Almac Pharma Services Limited**

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

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## Directors and advisers

### Directors

Dr Sir Allen McClay OBE CBE – Chairman (deceased 12 January 2010)  
JW Irvine  
AD Armstrong  
G McBurney  
C Hayburn  
S Campbell

### Company secretary

C Hayburn

### Registered office

Almac House  
20 Seagoe Industrial Estate  
Craigavon  
County Armagh  
BT63 5QD

### Solicitors

McGrigors LLP  
Arnott House  
12 16 Bridge Street  
Belfast  
BT1 1LS

### Bankers

Northern Bank Limited  
11 Donegall Square West  
Belfast  
BT1 6JS

### Independent auditors

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

**Directors' report for the year ended 30 September 2010**

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

**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 £1,682,627 (2009: £887,606) for the year and revenue of £28,476,311 (2009: £24,504,766). The business has progressed satisfactorily during the year and the directors are continually investigating techniques to ensure increased efficiency of operation. The external commercial environment is expected to remain competitive in 2011; however, we remain confident that performance will improve in the future.

**Research and development**

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

**Principal risks and uncertainties**

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. Further discussion of these risks and uncertainties in the context of the group as a whole is provided in the annual report of Almac Group Limited.

**Key performance indicators**

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.

**Financial risk management**

Given the nature of its operations, the company has minimal exposure to foreign exchange risk. Regarding credit risk, it is standard company policy to perform appropriate credit checks on all potential customers before contracts are entered into. Further commentary is provided in note 3.

**Directors' report for the year ended 30 September 2010****Results and dividends**

The loss for the financial year is £855 647 (2009 £944 422) The directors do not recommend payment of a dividend (2009 £nil)

**Directors**

The directors who served during the year and up to the date of approval of the financial statements are shown on page 1

**Going concern**

The directors have prepared cash flow forecasts for a period of at least twelve months from the date of signing of this report and confirm that adequate funding has been committed by the company's parent to support the company's operations and planned growth over this period. Consequently the directors have prepared these financial statements on a going concern basis.

**Political and charitable donations**

The company made charitable donations amounting to £3 000 (2009 £3 020) during the year principally for the benefit of the local communities in which the company operates. No donations for political purposes were made during the year (2009 £nil)

**Employees**

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

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

**Statement of disclosure of information to auditors**

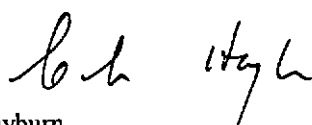
So far as each of the directors in office at the date of approval of these financial statements is aware:

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

**Independent auditors**

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

By order of the board

  
C Hayburn  
Company secretary  
21 January 2011

## Statement of directors' responsibilities

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

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

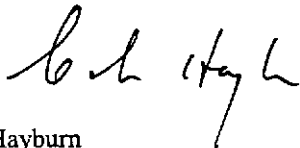
select suitable accounting policies and then apply them consistently

- make judgements and accounting estimates that are reasonable and prudent
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements, and

prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the board



C Hayburn  
Company secretary  
21 January 2011

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

We have audited the financial statements of Almac Pharma Services Limited for the year ended 30 September 2010 which comprise the Income statement Statement of changes in equity Balance sheet, Cash flow statement and the related notes The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union

**Respective responsibilities of directors and auditors**

As explained more fully in the Statement of directors responsibilities set out on page 4 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

This report including the opinions has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose We do not in giving these opinions accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed the reasonableness of significant accounting estimates made by the directors and the overall presentation of the financial statements

**Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 September 2010 and of its loss and cash flows for the year then ended
- have been properly prepared in accordance with IFRSs as adopted by the European Union and
- have been prepared in accordance with the requirements of the Companies Act 2006

**Opinion on other matter prescribed by the Companies Act 2006**

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

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if in our opinion

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us or
- the financial statements are not in agreement with the accounting records and returns or
- certain disclosures of directors' remuneration specified by law are not made or
- we have not received all the information and explanations we require for our audit



Stephen Curragh (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Belfast  
21 January 2011

**Income statement for the year ended 30 September 2010**

	Note	2010 £	2009 £
<b>Continuing operations</b>			
Revenue	2	28 476 311	24 504 766
Cost of sales	6	(22 736 004)	(17 077 674)
Gross profit		5 740 307	7 427 092
Distribution costs	6	(1 051 867)	(891 497)
Administrative expenses	6	(6 353 304)	(7 555 777)
Other income		207 912	207 912
<b>Operating loss</b>		<b>(1 456 952)</b>	<b>(812 270)</b>
Operating loss is analysed as			
EBITDA		243 844	2 203 073
Depreciation of property plant and equipment		(1 522 357)	(2 836 865)
Amortisation of intangible assets		(178 439)	(178 478)
Finance income	5	331	251
Finance costs	5	(226 006)	(75 587)
Finance costs – net	5	(225 675)	(75 336)
<b>Loss before income tax</b>		<b>(1 682 627)</b>	<b>(887 606)</b>
Income tax credit/(expense)	8	826 980	(56 816)
<b>Loss for the year attributable to owners of the company</b>		<b>(855 647)</b>	<b>(944 422)</b>

The notes on pages 10 to 28 are an integral part of these financial statements

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



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

	<b>Share capital £</b>	<b>Retained earnings £</b>	<b>Total equity £</b>
At 1 October 2008	20 355 000	(4 157 659)	16 197 341
Loss for the year and total comprehensive expense		(944 422)	(944 422)
At 1 October 2009	20 355 000	(5 102 081)	15 252 919
Loss for the year and total comprehensive expense		(855 647)	(855 647)
<b>At 30 September 2010</b>	<b>20 355 000</b>	<b>(5 957 728)</b>	<b>14 397 272</b>

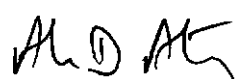
The notes on pages 10 to 28 are an integral part of these financial statements

## Balance sheet as at 30 September 2010

	Note	2010 £	2009 £
<b>Assets</b>			
<b>Non current assets</b>			
Intangible assets	9	478 191	634 344
Property plant and equipment	10	19 716 638	18 124 478
<b>Total non current assets</b>		<b>20 194 829</b>	<b>18 758 822</b>
<b>Current assets</b>			
Inventories	11	3 893 083	3 797 168
Trade and other receivables	12	8 593 439	5 287 028
Cash and cash equivalents	13	163 626	3 392
<b>Total current assets</b>		<b>12 650 148</b>	<b>9 087 588</b>
<b>Total assets</b>		<b>32 844 977</b>	<b>27 846 410</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Borrowings	14	556 972	64 923
Trade and other payables	15	12 756 227	8 582 566
<b>Total current liabilities</b>		<b>13 313 199</b>	<b>8 647 489</b>
<b>Non current liabilities</b>			
Other non current liabilities	16	679 817	606 275
Deferred income tax liabilities	17	457 321	165 711
Deferred income	18	3 997 368	3 174 016
<b>Total non current liabilities</b>		<b>5 134 506</b>	<b>3 946 002</b>
<b>Total liabilities</b>		<b>18 447 705</b>	<b>12 593 491</b>
<b>Equity</b>			
<b>Capital and reserves attributable to owners of the company</b>			
Ordinary shares	19	20 355 000	20 355 000
Retained earnings		(5 957 728)	(5 102 081)
<b>Total equity</b>		<b>14,397 272</b>	<b>15 252 919</b>
<b>Total equity and liabilities</b>		<b>32 844 977</b>	<b>27 846 410</b>

The notes on pages 10 to 28 are an integral part of these financial statements

The financial statements on pages 6 to 28 were authorised for issue by the board of directors on 21 January 2011 and were signed on its behalf by



A D Armstrong (director)



S Campbell (director)

**Cash flow statement for the year ended 30 September 2010**

	Note	2010 £	2009 £
<b>Cash flows from operating activities</b>			
Cash (used in)/generated from operations	20	(3 985 476)	1 961 510
Interest paid		(226 006)	(75 587)
Net cash (used in)/from operating activities		(4 211 482)	1 885 923
<b>Cash flows from investing activities</b>			
Purchase of intangible assets		(22 286)	(37 629)
Purchase of property plant and equipment		(3 146 892)	(5 925 390)
Proceeds from sale of property plant and equipment		35 000	
Capital grants received		2 292 873	
Interest received		331	251
Net cash used in investing activities		(840 974)	(5 962 768)
<b>Cash flows from financing activities</b>			
Advances from group undertakings		4 720 641	4 506 388
Net cash generated from financing activities		4 720 641	4 506 388
Net (decrease)/increase in cash and cash equivalents		(331 815)	429 543
Cash cash equivalents and overdrafts at beginning of the year		(61 531)	(491 074)
Cash cash equivalents and overdrafts at end of the year	13	(393 346)	(61 531)

The notes on pages 10 to 28 are an integral part of these financial statements

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

### **1 Accounting policies**

#### **General information**

The company's principal activities during the year were as described in the Directors' report. The financial statements are presented in sterling. Almac Pharma Services Limited is a private limited company incorporated and domiciled in Northern Ireland. The registered address is detailed on page 1.

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

#### **Basis of preparation**

These financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union, IFRIC interpretations and the Companies Act 2006 applicable to companies reporting under IFRS. These financial statements have been prepared under the historical cost convention.

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

#### **New standards, amendments and interpretations effective in the year to 30 September 2010**

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

		Effective date
<b>International Accounting Standards (IASs/IFRSs)</b>		
IFRS 1 (revised)	First time adoption of IFRS	1 January 2009
IFRS 1 (amendment)	First time adoption of IFRS	1 January 2009
IFRS 2 (amendment)	Share based payments	1 January 2009
IFRS 3 (revised)	Business combinations	1 July 2009
IFRS 7 (amendment)	Financial instruments: Disclosures	1 January 2009
IFRS 8	Operating segments	1 January 2009
IFRS 9	Financial instruments	1 January 2009
IAS 1 (revised)	Presentation of financial statements	1 January 2009
IAS 23 (revised)	Borrowing costs	1 January 2009
IAS 27 (revised)	Consolidated and separate financial statements	1 July 2009
IAS 32 (amendment)	Financial instruments: Presentation	1 January 2009

#### **International Financial Reporting Interpretation Committee (IFRIC) Interpretations**

IFRIC 15	Agreements for construction of real estate	1 January 2009
IFRIC 17	Distribution of non-cash assets to owners	1 July 2009

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

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

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

## 1 Accounting policies (continued)

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

**IFRS 7 (amendment) Financial instruments Disclosures** – effective 1 January 2009 The amendment requires enhanced disclosures about fair value measurement and liquidity risk In particular the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy The company has applied this previously and no changes have been considered necessary to the presentation or disclosure of financial instruments

**IAS 1 (revised) Presentation of financial statements** – effective 1 January 2009 The revised standard prohibits the presentation of items of income and expenses (that is non owner changes in equity ) in the statement of changes in equity requiring non-owner changes in equity to be presented separately from owner changes in equity in a statement of comprehensive income As a result the company will present in the statement of changes in equity all owner changes in equity whereas all non owner changes in equity will be presented in the statement of comprehensive income As the changes in accounting policy will only impact presentation aspects there will be no impact on the company's results

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

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

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

		Effective date
International Accounting Standards (IASs/IFRSs)		
IFRS 1 (amendment)	First time adoption of IFRS	1 January 2010
IFRS 1 (amendment)	First time adoption of IFRS – additional exemptions	1 July 2010
IFRS 2 (amendment)	Share based payments – Group cash settled share based payment transactions	1 January 2010
IFRS 7 (amendment)	Financial instruments – Disclosures on derecognition	1 January 2011
IAS 1 (amendment)	Presentation of financial statements	1 January 2010
IAS 24 (revised)	Borrowing costs	1 January 2011
IAS 32 (amendment)	Financial instruments – Presentation	1 February 2010

### International Financial Reporting Interpretation Committee (IFRIC) Interpretations

IFRIC 14	IAS 19 – Prepayments of a minimum funding requirement	1 January 2011
IFRIC 18	Transfer of assets from customers	31 October 2010
IFRIC 19	Extinguishing financial liabilities with equity instruments	1 January 2010

The directors do not anticipate that the adoption of these standards and interpretations will have a material impact on the recognition or measurement of the company's financial statements in the period of initial application However the following standards and interpretations impact on the presentation of the financial statements

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

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

### 1 Accounting policies (continued)

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

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

#### Intangible assets

##### *Goodwill*

Goodwill represents the excess of the cost of an acquisition over the fair value of the company's share of the net identifiable assets of the acquired subsidiary at the date of acquisition Goodwill on acquisitions of subsidiaries is included in intangible assets Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses Impairment losses on goodwill are not reversed Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold

Goodwill is allocated to cash generating units for the purposes of impairment testing The allocation is made to those cash generating units or groups of cash generating units that are expected to benefit from the business combination in which the goodwill arose

##### *Computer software*

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

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

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

#### Property plant and equipment

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

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

	/
Buildings	2
Plant and machinery	10
Fixtures and fittings	10
Computer equipment	20

**Notes to the financial statements for the year ended 30 September 2010****1 Accounting policies (continued)****Property, plant and equipment (continued)**

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

**Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first in, first out (FIFO) method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of the business, less applicable variable selling expenses.

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

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

**Cash and cash equivalents**

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

**Trade and other payables**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

**Borrowings**

Borrowings are recognised initially at fair value, net of direct issue costs, and subsequently measured at amortised cost. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis to the income statement using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

**Notes to the financial statements for the year ended 30 September 2010****1 Accounting policies (continued)****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 commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long term payables. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful economic life of the asset and the lease term.

**Current and deferred income tax**

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

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

Deferred income tax is recognised using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or 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. Deferred income tax is provided on temporary differences arising except where the timing of the reversal of the temporary difference is controlled by the company and it is probable that the temporary difference will not reverse in the foreseeable future.

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

**Grants**

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

**Share capital**

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



**Notes to the financial statements for the year ended 30 September 2010****1 Accounting policies (continued)****Revenue recognition**

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

The company recognises revenue when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the entity. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The company considers this to be upon customer receipt of products, which is when title to the product is transferred to the customer or upon completion of services when results of testing have been delivered to the customer or logistics operations have been performed. The company uses the percentage of completion method in accounting for its fixed price contracts to deliver services. Use of the percentage of completion method requires the company to estimate the services performed to date as a proportion of the total services to be performed.

**Foreign currency translation**

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

Foreign currency transactions are translated in the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within finance income or cost. All other foreign exchange gains and losses are presented in the income statement within administrative expenses.

**Pension obligations**

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

**Share based payments**

The company issues cash settled phantom share based payments to certain employees of the company for their services to the company. The company accounts for these phantom share based payments as cash settled phantom share based payments which are measured at fair value and recognised as an expense in the income statement with a corresponding increase in liabilities.

The fair values of these payments are measured at each reporting date using professional external valuers, in line with the terms and conditions upon which the awards are granted. The fair value is recognised over the period during which employees become unconditionally entitled to the awards, subject to the company's estimate of the number of awards which will lapse due to employees leaving the company prior to vesting. The total amount recognised in the income statement as an expense is adjusted to reflect the actual amount of awards that are expected to vest, except where forfeiture is due to employee's termination of contract.

**2 Revenue**

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

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

## 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 foreign exchange risk, interest rate risk, credit risk and liquidity risk. 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.

## (a) 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.

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:

	2010		2009	
	Impact on post tax losses £ 000	Impact on equity £ 000	Impact on post tax losses £ 000	Impact on equity £ 000
US dollar weakens by 10% against GBP	19	19	4	4
US dollar strengthens by 10% against GBP	(24)	(24)	(5)	(5)

## (ii) 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:

	2010		2009	
	Impact on post tax losses £ 000	Impact on equity £ 000	Impact on post tax losses £ 000	Impact on equity £ 000
Interest rates increase by 1%	(62)	(62)	(30)	(30)
Interest rates decrease by 1%	+62	+62	+30	+30

## (b) Credit risk

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

## (c) Liquidity risk

The company projects cash flow requirements as part of its annual budget setting process. Cash requirements are monitored dynamically by the company's ultimate parent undertaking, with resources deployed to the company as required.

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

**4 Capital risk management**

The company's ultimate parent undertaking's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. For further details refer to the report and financial statements for the ultimate parent undertaking Almac Group Limited.

**5 Finance costs – net**

	2010 £	2009 £
Interest expense		
Interest payable to related parties	(226 006)	(75 587)
Finance cost	(226 006)	(75 587)
Interest income		
Interest receivable from related parties	331	251
Finance income	331	251
<b>Finance costs – net</b>	<b>(225 675)</b>	<b>(75 336)</b>

**6 Expenses by nature**

	2010 £	2009 £
Changes in inventories of finished goods and work in progress	576 103	(1 062 437)
Raw materials and consumables used	11 060 244	8 905 016
Employee benefit expense (note 7)	9 007 180	7 655 485
Depreciation and amortisation	1 700 796	3 015 343
Transfer from capital grant reserve	(361 272)	(278 512)
Profit on disposal of property, plant and equipment	(2 625)	
Operating lease payments	49 129	38 789
Other expenses	8 111 620	7 251 264
<b>Total cost of sales, distribution costs and administrative expenses</b>	<b>30 141 175</b>	<b>25 524 948</b>

**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:

	2010 £	2009 £
Fees payable to the company's auditor for the audit	11 136	13 850
Fees payable to the company's auditor and its associates for other services:		
tax services	3 675	5 920
grants	2,348	849

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

## 7 Employees and directors

	2010 £	2009 £
<b>Staff costs during the year</b>		
Wages and salaries	7 720 323	6 545 989
Social security costs	761 437	653 416
Other pension costs	255 178	209 748
Share based payment costs	270 242	246 332
	<b>9 007 180</b>	<b>7 655 485</b>

	2010 Number	2009 Number
<b>Average monthly number of persons employed (including directors) during the year by activity</b>		
Administration	34	31
Operations	283	253
	<b>317</b>	<b>284</b>

	2010 £	2009 £
<b>Key management compensation</b>		
Wages and salaries	259 001	249 454
Pension costs – defined contribution plans	18 997	15 047
	<b>277 998</b>	<b>264 501</b>

The key management figures given above include directors

	2010 £	2009 £
<b>Directors</b>		
Wages and salaries	232 520	224 411
Pension costs – defined contribution plans	18 997	15 047

One director (2009 one) has retirement benefits accruing under a defined contribution plan One director (2009 one) has exercised phantom share options in the year

	2010 £	2009 £
<b>Highest paid director</b>		
Wages and salaries	232 520	224 411
Pension costs – defined contribution plans	18 997	15 047

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

## 8 Income tax credit/(expense)

	2010 £	2009 £
<b>Current tax</b>		
Group relief receivable	1 118 590	
<b>Total current tax</b>	<b>1 118 590</b>	
<b>Deferred tax</b>		
Origination and reversal of temporary differences	(501 596)	(152 295)
Changes in tax laws and rates	(1 640)	
Adjustment in respect of previous periods	211 626	95 479
<b>Total deferred tax</b>	<b>(291 610)</b>	<b>(56 816)</b>
<b>Income tax credit/(expense)</b>	<b>826 980</b>	<b>(56 816)</b>

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

	2010 £	2009 £
Loss before income tax	(1 682 627)	(887 606)
Loss before income tax at the UK standard rate of 28% (2009 28%)	(471 135)	(248 530)
Effects of		
Expenses not deductible for tax purposes	111 420	
Income not subject to tax		14 345
Enhanced research and development expenditure	(137 545)	
Group relief not paid for		464 463
Rate adjustment for deferred tax	(16 938)	
Capital grants not taxable	(101 156)	(77 983)
Adjustments in respect of previous periods	(211 626)	(95 479)
<b>Income tax (credit)/expense</b>	<b>(826 980)</b>	<b>56 816</b>

## Factors affecting future tax charges

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

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

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

## 9 Intangible assets

	Computer software £	Goodwill £	Total £
<b>Cost</b>			
At 1 October 2008	875 060	47 008	922 068
Additions	37 629		37 629
At 1 October 2009	912 689	47 008	959 697
Additions	22 286		22 286
<b>At 30 September 2010</b>	<b>934 975</b>	<b>47 008</b>	<b>981 983</b>
<b>Accumulated amortisation</b>			
At 1 October 2008	99 867	47 008	146 875
Charge for the year	178 478		178 478
At 1 October 2009	278 345	47 008	325 353
Charge for the year	178 439		178 439
<b>At 30 September 2010</b>	<b>456 784</b>	<b>47 008</b>	<b>503 792</b>
<b>Net book amount</b>			
<b>At 30 September 2010</b>	<b>478 191</b>		<b>478 191</b>
At 30 September 2009	634 344		634 344

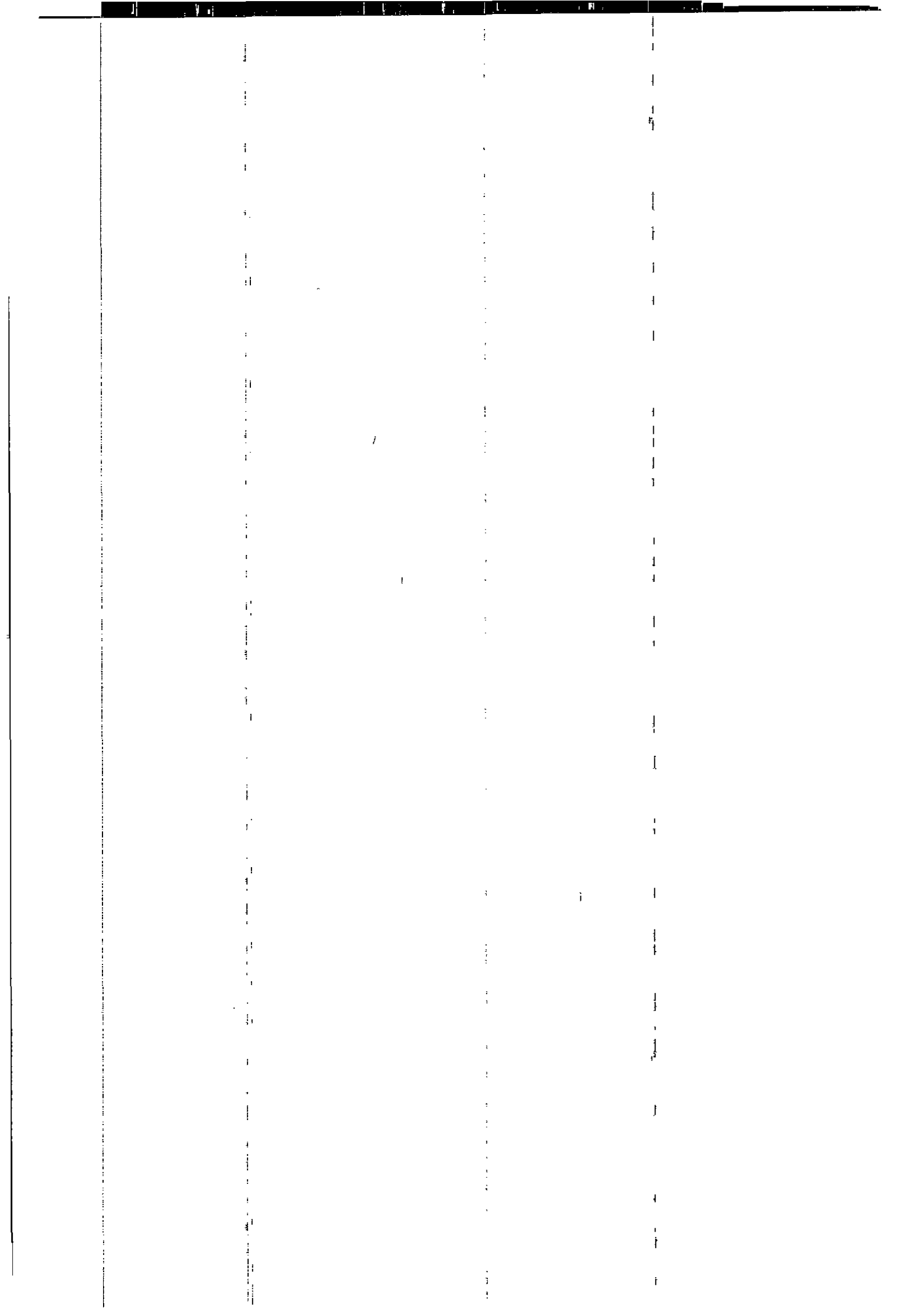
Amortisation is included within administrative expenses in the income statement

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

## 10 Property, plant and equipment

	Land and buildings £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Total £
<b>Cost</b>					
At 1 October 2008	8 264 467	17 285 570	388 060	514 170	26 452 267
Additions	4 669 302	1 132 031	44 670	79 387	5 925 390
At 1 October 2009	12 933 769	18 417 601	432 730	593 557	32 377 657
Transfers	(741 189)	261 589	479 600		
Additions	1 248 331	1 784 906	69 906	43 749	3 146 892
Disposals		(35 000)			(35 000)
<b>At 30 September 2010</b>	<b>13 440 911</b>	<b>20 429 096</b>	<b>982 236</b>	<b>637 306</b>	<b>35 489 549</b>
<b>Accumulated depreciation</b>					
At 1 October 2008	612 948	10 422 638	68 812	311 916	11 416 314
Charge for the year	179 490	2 529 101	40 703	87 571	2 836 865
At 1 October 2009	792 438	12 951 739	109 515	399 487	14 253 179
Charge for the year	242 055	1 129 589	71 775	78 938	1 522 357
Disposals		(2 625)			(2 625)
<b>At 30 September 2010</b>	<b>1 034 493</b>	<b>14 078 703</b>	<b>181 290</b>	<b>478 425</b>	<b>15 772 911</b>
<b>Net book amount</b>					
<b>At 30 September 2010</b>	<b>12 406 418</b>	<b>6 350 393</b>	<b>800 946</b>	<b>158 881</b>	<b>19 716 638</b>
At 30 September 2009	12 141 331	5 465 862	323 215	194 070	18 124 478

Depreciation is included within administrative expenses in the income statement





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

**11 Inventories**

	2010	2009
	£	£
Raw materials	2 687 808	2 015 790
Work in progress	620 991	976 019
Finished goods	584 284	805 359
	<b>3 893 083</b>	<b>3 797 168</b>

The cost of inventories recognised as an expense and included in cost of sales amount to £11 636 347 (2009 £7 842 579)

**12 Trade and other receivables**

	2010	2009
	£	£
Trade receivables	1 661 894	1 938 339
Amounts due from group undertakings	5 362 118	1 780 108
Group relief receivable	1 118 590	
Other receivables	367 541	1 491 291
Prepayments and accrued income	83 296	77 290
	<b>8 593 439</b>	<b>5 287 028</b>

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

	2010	2009
	£	£
<b>Currency</b>		
UK pound	8 538 888	5 262 010
US dollar	9 524	13 917
Euro	45 027	11 101
	<b>8 593 439</b>	<b>5 287 028</b>

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 2010 trade receivables of £463 153 (2009 £906 378) 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

	2010	2009
	£	£
Up to two months overdue	409 011	597 905
More than two months overdue	54 142	308 473
	<b>463 153</b>	<b>906 378</b>

None of these trade debtors that are neither past due nor impaired have had their terms renegotiated.



**Notes to the financial statements for the year ended 30 September 2010**
**13 Cash and cash equivalents**

	2010	2009
	£	£
Cash at bank and in hand	163 626	3 392

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

	2010	2009
	£	£
Cash and cash equivalents	163 626	3 392
Bank overdraft (note 14)	(556 972)	(64 923)
	(393,346)	(61 531)

**14 Borrowings**

	2010	2009
	£	£
<b>Current</b>		
Bank overdraft	556 972	64 923

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**

	2010	2009
	£	£
Trade payables	2 171 989	2 276 097
Amounts owed to group undertakings	9 623 146	5 146 248
Other creditors	37 124	44 639
Other tax and social security	206 084	183 033
Accruals	717 884	932 549
	12 756 227	8 582 566

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

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



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

**16 Other non current liabilities**

	2010	2009
	£	£
Accruals	679 817	606 275

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

	2010	2009
	£	£
In more than one year but not more than two years	224 503	195 147
In more than two years but not more than five years	455 314	411 128
	679 817	606 275

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

**17 Deferred income tax liabilities**

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

	2010	2009
	£	£
At 1 October	(165 711)	(108 895)
Charged to the income statement	(291 610)	(56 816)
<b>At 30 September</b>	<b>(457 321)</b>	<b>(165 711)</b>

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

	Other temporary differences	Accelerated capital allowances	Total
	£	£	£
<b>Deferred tax assets/(liabilities)</b>			
At 1 October 2008	175 010	(283 905)	(108 895)
Credited/(charged) to the income statement	52 935	(109 751)	(56 816)
At 1 October 2009	227 945	(393 656)	(165 711)
Credited/(charged) to the income statement	23 163	(314 773)	(291 610)
<b>At 30 September 2010</b>	<b>251 108</b>	<b>(708 429)</b>	<b>(457 321)</b>

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

**17 Deferred income tax liabilities (continued)**

The analysis of deferred tax assets and deferred tax liabilities is as follows

	<b>2010</b>	2009
	<b>£</b>	<b>£</b>
Deferred tax assets		
to be received after more than 12 months	<b>251 108</b>	227 945
Deferred tax liabilities		
to be received after more than 12 months	<b>(708 429)</b>	(393 656)
<b>Deferred tax liabilities net</b>	<b>(457 321)</b>	(165 711)

**18 Deferred income**

<b>Government grants</b>	<b>£</b>
At 1 October 2008	2 194 279
Capital grants received during the year	1 258 249
Released to the income statement	(278 512)
At 1 October 2009	3 174 016
Capital grants received during the year	1 184 624
Released to the income statement	(361 272)
<b>At 30 September 2010</b>	<b>3 997 368</b>

**19 Called up share capital**

	<b>2010</b>	2009
	<b>£</b>	<b>£</b>
<b>Authorised</b>		
50 000 000 ordinary shares of £1 each	<b>50 000 000</b>	50 000 000
		<b>£</b>
<b>Allotted and fully paid</b>		
<b>Ordinary shares of £1 each</b>		
At 1 October and 30 September		<b>20 355 000</b>

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

**20 Cash (used in)/generated from operations**

	2010 £	2009 £
Loss before taxation	(1 682 627)	(887 606)
<b>Adjustment for</b>		
Depreciation of property plant and equipment	1 522 357	2 836 865
Amortisation of intangible assets	178 439	178 478
Profit on disposal of property plant and equipment	(2 625)	
Release of deferred income	(361 272)	(278 512)
Interest receivable	(331)	(251)
Interest expense	226 006	75 587
Movement in trade and other receivables	(3 296 071)	816 330
Movement in inventories	(95 915)	(1 448 699)
Movement in trade and other payables	(473 437)	669 318
<b>Net cash (used in)/generated from operations</b>	<b>(3 985 476)</b>	<b>1 961 510</b>

**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

	2010 £	2009 £
Defined contribution scheme	255 178	209 748

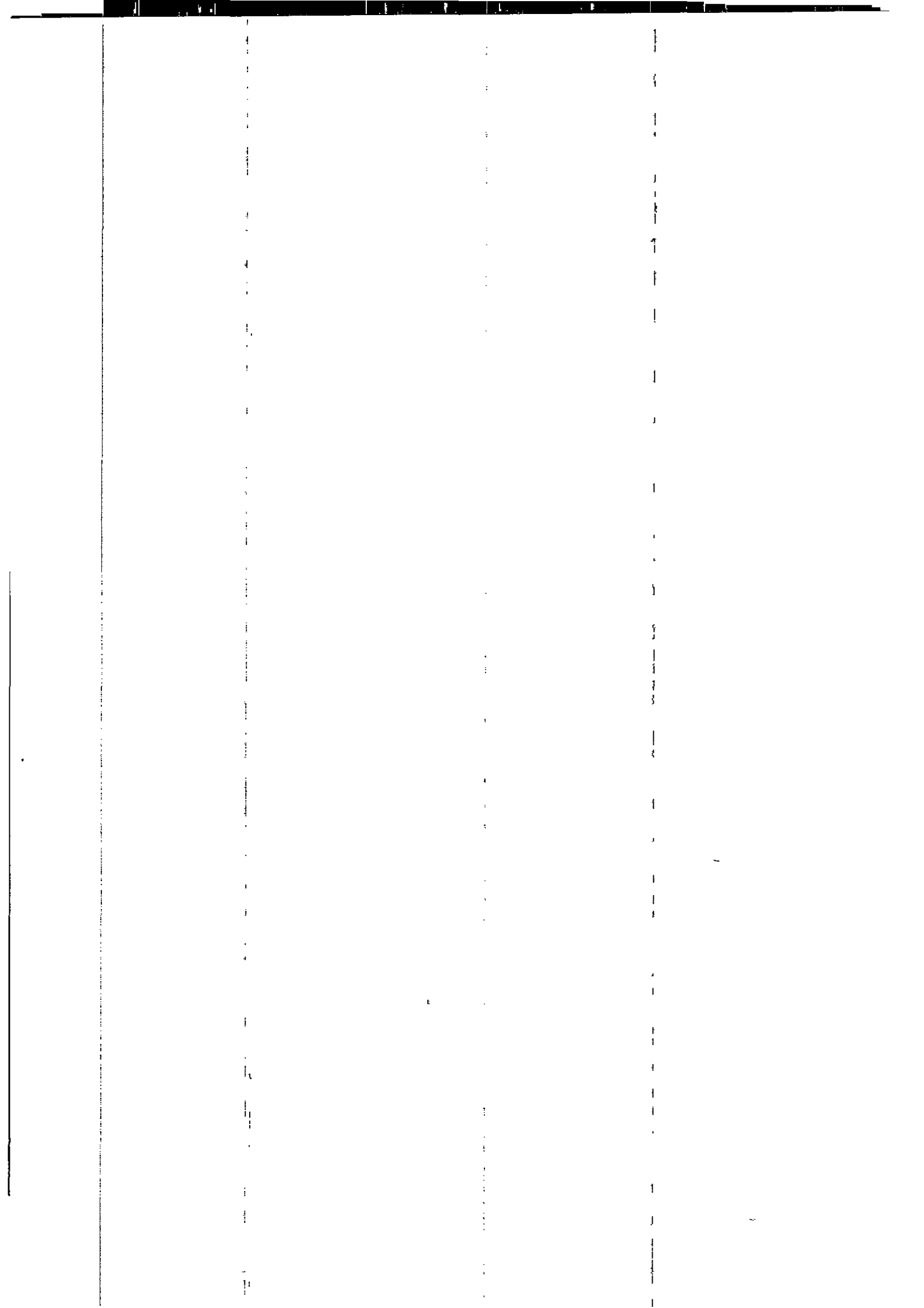
**22 Capital and other financial commitments**

	2010 £	2009 £
Contracts placed for future property plant and equipment expenditure not provided in the financial statements	112,364	1 827 956

**23 Operating lease commitments minimum lease payments**

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

	Motor vehicles		Buildings	
	2010 £	2009 £	2010 £	2009 £
No later than one year	47 652	44 606	393 500	393 500
Later than one year and no later than five years	49 483	73 952	1 574 000	1 574 000
Later than five years			2 279 245	2 672 745
	<b>97 135</b>	<b>118 558</b>	<b>4 246 745</b>	<b>4 640 245</b>





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

### 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 Share based payments

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

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

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

Grant date	September 2010	September 2009
Share price at grant date	£0 545	£0 471
Exercise price at grant date		
Number of employees	16	16
Share awards	344,346	358 273
Vesting period (years)	4	4
Option life (years)	4	4
Expected life (years)	4	4
Dividend yield	Nil	Nil
Risk free interest rate	5.0%	4.5%
Fair value	£0 545	£0 471

The weighted average fair value of share awards granted during the year determined using the Black Scholes valuation model was £0 545 (2009 £0 471). The significant inputs into the model were the share price at grant date, exercise price, dividend yield, risk free interest rate and expected option life as shown above.

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

	2010 Number	2009 Number
Outstanding at 1 October	1 085 410	977 725
Granted	344 346	358 273
Forfeited		
Exercised	(358 520)	(250 588)
Outstanding at 30 September	1 071 236	1 085 410
Exercisable at 1 January 2011/2010	368 617	358 520

The weighted average share price of share awards exercised in the year was £0 545 (2009 £0 471).

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

**25 Share based payments (continued)**

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

	<b>2010</b>	<b>2009</b>
	<b>Number</b>	<b>Number</b>
2010		358 520
2011	<b>368 617</b>	368 617
2012	<b>358 273</b>	358 273
2013	<b>344 346</b>	

The total expense recognised in the income statement was £270 242 (2009 £246 332)

**26 Ultimate controlling party and related party transactions**

The immediate parent undertaking of the company at 30 September 2010 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.

At the balance sheet date the ultimate controlling party was Dr Sir Allen McClay. Sir Allen passed away on 12 January 2010. Pending a grant of probate being issued and the administration of Sir Allen's Estate his shareholding is controlled by the executors of his will.

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

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Sales to related parties	<b>16 804 674</b>	12 757 547
Purchases from related parties	<b>585 136</b>	245 602
Management charge paid	<b>3 125 406</b>	2 676 089

Details of amounts owed by and to related parties are disclosed in notes 12 and 15 respectively.

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