

Almac Clinical Technologies Limited
Annual report and financial statements
for the year ended 30 September 2012



Almac Clinical Technologies Limited

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Directors and advisers

Directors

A D Armstrong
J Murphy
C Hayburn
J W Irvine
S Campbell
K Stephens (appointed 1 January 2012)

Company secretary

C Hayburn (resigned 1 January 2012)
E McAllister (appointed 1 January 2012)

Registered office

Almac House
20 Seagoe Industrial Estate
Craigavon
BT63 5QD

Solicitors

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

Bankers

Danske Bank
11 Donegall Square West
Belfast
BT1 6JS
United Kingdom

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 2012

The directors present their annual report and the audited financial statements of the company for the year ended 30 September 2012.

Principal activities

Almac Clinical Technologies Limited is a private company incorporated in Northern Ireland. The registered address is detailed on page 1. The principal activities of the company are the provision of Interactive Voice Response Systems (IVRS) and the management of clinical trials drug supply to customers in the pharmaceutical sector.

Review of business

The results for the year are as set out on page 6. The business has progressed satisfactorily during the year. The directors are continually investigating techniques to ensure increased efficiency of operation.

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.

Results and dividends

The profit after income tax for the financial year is £271,134 (2011: £326,727). The directors do not recommend payment of a dividend (2011: £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 12 months from the date of signing this report and consequently have a reasonable expectation that the company has adequate financial resources to meet its operational needs for the foreseeable future and therefore the going concern basis has been adopted in preparing the financial statements.

Employees

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

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

Small companies' exemption

This report has been prepared in accordance with the special provisions under Part 15 of the Companies Act 2006 relating to small companies.

Directors' report for the year ended 30 September 2012

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.

On behalf of the Board



K Stephens

Director

7 January 2013

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; 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.

On behalf of the Board



K Stephens

Director

7 January 2013

Independent auditors' report to the members of Almac Clinical Technologies Limited

We have audited the financial statements of Almac Clinical Technologies Limited for the year ended 30 September 2012 which comprise the income statement, the statement of changes in equity, the balance sheet, the 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 and express an opinion on 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. In addition, we read all the financial and non-financial information in the Annual report and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2012 and of its profit 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 Companies Act 2006.

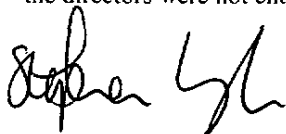
Opinion on other matter prescribed by the Companies Act 2006

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; or
- the directors were not entitled to take advantage of the small companies' exemption in preparing the directors' report.



Stephen Curragh (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Belfast
7 January 2013

Income statement for the year ended 30 September 2012

| | Note | 2012 £ | 2011 £ |
|--|------|----------------|----------------|
| Continuing operations | | | |
| Revenue | 2 | 2,795,822 | 2,481,258 |
| Cost of sales | 6 | (2,103,764) | (1,704,273) |
| Gross profit | | 692,058 | 776,985 |
| Sales and marketing costs | 6 | (237,274) | (236,816) |
| Administrative expenses | 6 | (207,983) | (225,483) |
| Operating profit | | 246,801 | 314,686 |
| Operating profit is analysed as: | | | |
| Operating profit before depreciation and amortisation ("EBITDA") | | 264,826 | 329,481 |
| Depreciation of property, plant and equipment | | (17,258) | (14,068) |
| Amortisation of intangible assets | | (767) | (727) |
| Finance costs | | (170) | - |
| Finance income | 5 | 24,503 | 12,041 |
| Finance income - net | | 24,333 | 12,041 |
| Profit before income tax | | 271,134 | 326,727 |
| Income tax expense | 8 | - | - |
| Profit for the year attributable to owners of the company | | 271,134 | 326,727 |

The notes on pages 10 to 23 are an integral part of the financial statements.

There is no other comprehensive income for the year (2011: £nil).

Statement of changes in equity for the year ended 30 September 2012

| | Share capital £ | Retained earnings £ | Total equity £ |
|--|-----------------------|---------------------------|----------------------|
| At 1 October 2010 | 1 | 809,091 | 809,092 |
| Profit for the year and total comprehensive income | - | 326,727 | 326,727 |
| At 1 October 2011 | 1 | 1,135,818 | 1,135,819 |
| Profit for the year and total comprehensive income | - | 271,134 | 271,134 |
| At 30 September 2012 | 1 | 1,406,952 | 1,406,953 |

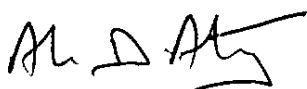
The notes on pages 10 to 23 are an integral part of the financial statements.

Balance sheet as at 30 September 2012

| | Note | 2012 £ | 2011 £ |
|---|------|------------------|------------------|
| Assets | | | |
| Non-current assets | | | |
| Intangible assets | 9 | 451 | 1,218 |
| Property, plant and equipment | 10 | 48,749 | 53,136 |
| Total non-current assets | | 49,200 | 54,354 |
| Current assets | | | |
| Trade and other receivables | 11 | 1,554,265 | 1,266,587 |
| Total current assets | | 1,554,265 | 1,266,587 |
| Total assets | | 1,603,465 | 1,320,941 |
| Equity and liabilities | | | |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | 13 | 143,166 | 126,144 |
| Borrowings | 14 | - | 1,909 |
| Total current liabilities | | 143,166 | 128,053 |
| Non-current liabilities | | | |
| Other non-current liabilities | 16 | 53,346 | 57,069 |
| Total non-current liabilities | | 53,346 | 57,069 |
| Total liabilities | | 196,512 | 185,122 |
| Equity attributable to owners of the company | | | |
| Ordinary shares | 17 | 1 | 1 |
| Retained earnings | | 1,406,952 | 1,135,818 |
| Total equity | | 1,406,953 | 1,135,819 |
| Total equity and liabilities | | 1,603,465 | 1,320,941 |

The notes on pages 10 to 23 are an integral part of the financial statements.

The financial statements on pages 6 to 23 were authorised by the Board on 7 January 2013 and were signed on their behalf by:



A D Armstrong
(Director)

Cash flow statement for the year ended 30 September 2012

| | Note | 2012 £ | 2011 £ |
|---|------|------------------|------------------|
| Cash flows from operating activities | | | |
| Cash generated from operations | 18 | 267,533 | 354,780 |
| Finance expenses | | (170) | - |
| Net cash generated from operating activities | | 267,363 | 354,780 |
| Cash flows from investing activities | | | |
| Purchases of property, plant and equipment | | (12,871) | (7,378) |
| Purchases of intangible assets | | - | (700) |
| Finance income | | 24,503 | 12,041 |
| Net cash generated from investing activities | | 11,632 | 3,963 |
| Cash flows from financing activities | | | |
| Advances to group undertakings | | (277,086) | (357,539) |
| Net cash used in financing activities | | (277,086) | (357,539) |
| Net increase in cash and cash equivalents and bank overdraft | | 1,909 | 1,204 |
| Cash, cash equivalents and bank overdraft at beginning of the year | | (1,909) | (3,113) |
| Cash, cash equivalents and bank overdraft at end of the year | 12 | - | (1,909) |

The notes on pages 10 to 23 are an integral part of the financial statements.

Notes to the financial statements for the year ended 30 September 2012

1 Accounting policies

General information

The principal activities of the company are the provision of Interactive Voice Response Systems (IVRS) and the management of clinical trials drug supply to customers in the pharmaceutical sector. The financial statements are presented in UK pound sterling. Almac Clinical Technologies Limited is a private limited company incorporated and domiciled in Northern Ireland. The registered address is detailed on page 1. The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

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

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

New standards, amendments and interpretations effective in the year to 30 September 2012

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

| | | Effective date |
|--|---|----------------|
| International Accounting Standards (IASs/IFRSs) | | |
| IFRS 7 (amendment) | Financial instruments: Transfer of financial assets | 1 July 2011 |
| IAS 24 (revised) | Related party disclosures | 1 January 2011 |
| International Financial Reporting Interpretation Committee (IFRIC) Interpretations | | |
| IFRIC 14 | Prepayments of a minimum funding requirement | 1 January 2011 |

None of these new and amended standards had any material impact on the company.

Notes to the financial statements for the year ended 30 September 2012

1 Accounting policies (continued)

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

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

| | | Effective date |
|---|--|----------------|
| International Accounting Standards (IASs/IFRSs) | | |
| IAS 1 (amendment)* | Financial statement presentation | 1 January 2013 |
| IAS 12 (amendment)* | Income taxes | 1 January 2013 |
| IAS 19 (revised)* | Employee benefits | 1 January 2013 |
| IAS 27 (revised 2011)* | Separate financial statements | 1 January 2013 |
| IAS 28 (revised 2011)* | Investments in associates and joint ventures | 1 January 2013 |
| IAS 32 (amendment)* | Financial instruments – Presentation | 1 January 2015 |
| IFRS 1(amendment)* | First time adoption | 1 January 2015 |
| IFRS 9* | Financial instruments - Classification and measurement | 1 January 2013 |
| IFRS 10* | Consolidated financial statements | 1 January 2013 |
| IFRS 11* | Joint arrangements | 1 January 2013 |
| IFRS 12* | Disclosures of interests in other entities | 1 January 2013 |
| IFRS 13* | Fair value measurement | 1 January 2013 |

International Financial Reporting Interpretation Committee (IFRIC) Interpretations

| | | |
|----------|---|----------------|
| IFRIC 20 | Stripping costs in the production phase of a service mine | 1 January 2013 |
|----------|---|----------------|

* - not yet adopted by the EU

Intangibles

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

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

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

Property, plant and equipment

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

Notes to the financial statements for the year ended 30 September 2012

1 Accounting policies (continued)

Property, plant and equipment (continued)

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

| | % |
|---------------------|----|
| Plant and machinery | 14 |
| Computer equipment | 20 |

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

Financial assets

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

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.

Impairment of financial assets

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

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

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.

Notes to the financial statements for the year ended 30 September 2012**1 Accounting policies (continued)****Trade and other payables**

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

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

Borrowings

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

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

Grants

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

Revenue recognition

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

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

Current and deferred income tax

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

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

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

Notes to the financial statements for the year ended 30 September 2012**1 Accounting policies (continued)****Current and deferred income tax (continued)**

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

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

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.

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 financial statements are presented in UK pound sterling, which is the company's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

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 share-based payments to certain employees of the company for their services to the company. The company accounts for these share based payments 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.

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 2012

3 Financial risk management**Financial risk factors**

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

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

While the greater part of the company's revenues and expenses are denominated in UK pound sterling, the company is exposed to foreign exchange risk in the normal course of business. While the company has not used financial instruments to date to hedge foreign exchange exposure, this position is kept constantly under review. At 30 September 2012 and 30 September 2011 there is no exposure to foreign exchange risk as all balances are entirely denominated in UK pound sterling.

(ii) Interest rate risk

The company's interest rate risk arises from overdrafts. There is no exposure of interest rate risk to the company. Company policy is to maintain a mix of interest free advances and loans from group companies, variable interest rate borrowings from related parties and external overdraft facilities. This approach limits the company's exposure to external interest rate fluctuations to a significantly lower level than could be achieved if its funding needs were met externally.

If average interest rates over the period had increased/decreased by 1% with all other variables held constant, the financial statements would have been impacted as follows:

| | 2012 | | 2011 | |
|-------------------------------|---|------------------------------|---|------------------------------|
| | Impact on post-tax profits £'000 | Impact on equity £'000 | Impact on post-tax profits £'000 | Impact on equity £'000 |
| Interest rates increase by 1% | +8 | +8 | +6 | +6 |
| Interest rates decrease by 1% | (8) | (8) | (6) | (6) |

(iii) Price risk

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

(b) Credit risk

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

(c) Liquidity risk

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

4 Capital risk management

The company's ultimate parent undertaking's objectives when managing capital are to safeguard the company'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 annual report for the ultimate parent undertaking, Almac Group Limited.

Notes to the financial statements for the year ended 30 September 2012

5 Finance income - net

| | 2012 | 2011 |
|--|---------------|---------------|
| | £ | £ |
| Interest payable to related parties | (47) | - |
| Foreign exchange | (123) | - |
| Finance costs | (170) | - |
| Finance income – interest receivable from related parties | 24,503 | 12,041 |
| Finance income – net | 24,333 | 12,041 |

6 Expenses by nature

| | 2012 | 2011 |
|---|------------------|------------------|
| | £ | £ |
| Employee benefits expense (note 7) | 2,301,078 | 1,987,873 |
| Depreciation and amortisation | 18,025 | 14,795 |
| Operating lease payments | 12,240 | 12,240 |
| Revenue grant received | - | (90,000) |
| Other expenses | 217,678 | 241,664 |
| Total cost of sales, sales & marketing costs and administrative expenses | 2,549,021 | 2,166,572 |

Services provided by the company's auditor and its associates

During the year the company obtained the following services from the company's auditor and its associates:

| | 2012 | 2011 |
|--|-------|-------|
| | £ | £ |
| Fees payable to the company's auditor for the audit | 3,825 | 3,750 |
| Fees payable to the company's auditor and its associates for other services – tax services | 900 | 900 |

Notes to the financial statements for the year ended 30 September 2012

7 Employees and directors

| | 2012 £ | 2011 £ |
|--|------------------|------------------|
| Staff costs during the year: | | |
| Wages and salaries | 2,027,749 | 1,745,747 |
| Social security costs | 201,512 | 191,686 |
| Pension costs – defined contribution plan | 66,833 | 47,055 |
| Share based payment costs | 4,984 | 3,385 |
| | 2,301,078 | 1,987,873 |
| | | |
| | 2012 Number | 2011 Number |
| Average monthly number of persons employed (including directors) during the year by activity: | | |
| Production | 63 | 53 |
| Sales and marketing | 2 | 3 |
| | 65 | 56 |

No directors (2011: nil) have retirement benefits accruing under a money purchase scheme. The directors did not receive any emoluments in either 2012 or 2011 nor was there any key management compensation in either 2012 or 2011. Key management includes directors and senior managers.

8 Income tax expense

| | 2012 £ | 2011 £ |
|--|----------------|----------------|
| Income tax expense | - | - |
| The tax on the company's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the company as follows: | | |
| | 2012 £ | 2011 £ |
| Profit before income tax | 271,134 | 326,727 |
| Profit before income tax at the UK standard rate of 25% (2011: 27%) | 67,784 | 88,216 |
| Effects of: | | |
| Group relief not paid for | (70,831) | (92,939) |
| Deferred tax not provided | 3,047 | 4,723 |
| Income tax expense | - | - |

Factors affecting future tax charges:

During the year, as a result of the changes in the UK main corporation tax rate to 24% that was substantively enacted on 26 March 2012 and to 23% that was substantively enacted on 3 July 2012 and that will be effective from 1 April 2012 and 1 April 2013 respectively, the relevant deferred tax balances have been re-measured.

Further reductions to the UK corporation tax rate were announced in the March 2012 Budget and December 2012 UK Autumn Statement. The proposed reduction in the corporation tax rate, which is expected to be enacted in a future period, proposes to reduce the rate by 2% to 21% by 1 April 2014. This proposed change in the corporation tax rate from 23% to 21% had not been substantively enacted at the balance sheet date and, therefore, is not recognised in these financial statements.

Notes to the financial statements for the year ended 30 September 2012

9 Intangible assets

Computer
software
£

| | |
|---|--------------|
| Cost | |
| At 1 October 2010 | 3,118 |
| Additions | 700 |
| At 1 October 2011 and at 30 September 2012 | 3,818 |
| Accumulated amortisation | |
| At 1 October 2010 | 1,873 |
| Charge for the year | 727 |
| At 1 October 2011 | 2,600 |
| Charge for the year | 767 |
| At 30 September 2012 | 3,367 |
| Net book amount | |
| At 30 September 2012 | 451 |
| At 30 September 2011 | 1,218 |

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

10 Property, plant and equipment

| | Plant and machinery £ | Computer equipment £ | Total £ |
|---------------------------------|-----------------------------|----------------------------|----------------|
| Cost | | | |
| At 1 October 2010 | 41,390 | 44,800 | 86,190 |
| Additions | 2,150 | 5,228 | 7,378 |
| At 1 October 2011 | 43,540 | 50,028 | 93,568 |
| Additions | 6,017 | 6,854 | 12,871 |
| At 30 September 2012 | 49,557 | 56,882 | 106,439 |
| Accumulated depreciation | | | |
| At 1 October 2010 | 6,424 | 19,940 | 26,364 |
| Charge for the year | 5,912 | 8,156 | 14,068 |
| At 1 October 2011 | 12,336 | 28,096 | 40,432 |
| Charge for the year | 10,753 | 6,505 | 17,258 |
| At 30 September 2012 | 23,089 | 34,601 | 57,690 |
| Net book amount | | | |
| At 30 September 2012 | 26,468 | 22,281 | 48,749 |
| At 30 September 2011 | 31,204 | 21,932 | 53,136 |

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

Notes to the financial statements for the year ended 30 September 2012

11 Trade and other receivables

| | 2012 | 2011 |
|------------------------------------|------------------|------------------|
| | £ | £ |
| Amounts owed by group undertakings | 1,543,142 | 1,266,587 |
| Other debtors | 10,444 | - |
| Prepayments and accrued income | 679 | - |
| | 1,554,265 | 1,266,587 |

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

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

| | 2012 | 2011 |
|-----------------|-----------|-----------|
| | £ | £ |
| Currency | | |
| UK pound | 1,554,265 | 1,266,587 |

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

12 Cash and cash equivalents

| | 2012 | 2011 |
|--------------------------|------|------|
| | £ | £ |
| Cash at bank and in hand | - | - |

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

| | 2012 | 2011 |
|--------------------------|------|---------|
| | £ | £ |
| Bank overdraft (note 14) | - | (1,909) |

13 Trade and other payables

| | 2012 | 2011 |
|------------------------------------|----------------|----------------|
| | £ | £ |
| Trade payables | 2,369 | 5,255 |
| Amounts owed to group undertakings | - | 400 |
| Amounts owed to related parties | - | 131 |
| Other tax and social security | 68,828 | 62,428 |
| Accruals | 71,969 | 57,930 |
| | 143,166 | 126,144 |

The fair values of trade and other payables are not materially different from their carrying values as the impact of discounting is not significant. For the purposes of IFRS 7 "Financial instruments: Disclosures" all of the company's financial liabilities are classified as other financial liabilities.

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 2012

14 Borrowings

| | 2012 | 2011 |
|----------------|------|-------|
| | £ | £ |
| Current | | |
| Bank overdraft | - | 1,909 |

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

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

The carrying amounts of the company's borrowings are denominated entirely in UK pound sterling.

15 Deferred income tax

| | 2012 | 2011 |
|--|--------|--------|
| | £ | £ |
| Deferred tax asset not recognised | | |
| Accelerated capital allowances | 349 | (988) |
| Other temporary differences | 15,666 | 15,349 |
| | 16,015 | 14,361 |

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

16 Other non-current liabilities

| | 2012 | 2011 |
|----------|--------|--------|
| | £ | £ |
| Accruals | 53,346 | 57,069 |

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

| | 2012 | 2011 |
|---|--------|--------|
| | £ | £ |
| In more than one year but not more than two years | 22,269 | 15,861 |
| In more than two years but not more than five years | 31,077 | 41,208 |
| | 53,346 | 57,069 |

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

17 Ordinary shares

| | 2012 | 2011 |
|---------------------------------------|------------|------------|
| | £ | £ |
| Authorised | | |
| 50,000,000 ordinary shares of £1 each | 50,000,000 | 50,000,000 |
| Allotted and fully paid | | |
| 1 ordinary shares of £1 each | 1 | 1 |

Notes to the financial statements for the year ended 30 September 2012

18 Cash generated from operations

| | 2012 £ | 2011 £ |
|---|----------------|----------------|
| Profit before income tax | 271,134 | 326,727 |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | 17,258 | 14,068 |
| Amortisation of intangible assets | 767 | 727 |
| Finance income | (24,503) | (12,041) |
| Finance costs | 170 | - |
| Movement in trade and other receivables | (11,123) | 1,612 |
| Movement in trade and other payables | 13,830 | 23,687 |
| Net cash generated from operations | 267,533 | 354,780 |

19 Pension commitments

The company operates a defined contribution plan for employees whereby the assets of the plan are held separately from those of the company in an independently administered plan. Amounts owed to the pension plan as at 30 September 2012 was £10,663 (2011: £4,327). Pension costs for the defined contribution plan are as follows:

| | 2012 £ | 2011 £ |
|---------------------------|-----------|-----------|
| Defined contribution plan | 66,833 | 47,055 |

20 Contingent liabilities

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

21 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.

Notes to the financial statements for the year ended 30 September 2012

21 Share-based payments (continued)

The fair value is recognised over the period during which employees become unconditionally entitled to the awards, subject to the company's estimate of the number of awards which will lapse due to employees leaving the company prior to vesting. The total amount recognised in the income statement as an expense is adjusted to reflect the actual amount of awards that are expected to vest, except where forfeiture is due to employee's termination of contract.

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

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

| Grant date | September 2012 | September 2011 |
|------------------------------|----------------|----------------|
| Share price at grant date | £0.606 | £0.604 |
| Exercise price at grant date | - | - |
| Number of employees | 1 | 1 |
| Share awards | 22,345 | 21,686 |
| Vesting period (years) | 4 | 4 |
| Option life (years) | 4 | 4 |
| Expected life (years) | 4 | 4 |
| Dividend yield | Nil | Nil |
| Risk free interest rate | 5.0% | 5.0% |
| Fair value | £0.606 | £0.604 |

The weighted average fair value of share awards granted during the year determined using the Black-Scholes valuation model was £0.604 (2011: £0.604). 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:

| | 2012 Number | 2011 Number |
|------------------------------------|----------------|----------------|
| Outstanding at 1 October | 55,776 | 63,117 |
| Granted | 22,345 | 21,686 |
| Exercised | (10,811) | (29,027) |
| Outstanding at 30 September | 67,310 | 55,776 |
| Exercisable on 1 January 2013/2012 | 23,279 | 10,811 |

The weighted average share price of share awards exercised in the year was £0.606 (2011: £0.604). Share awards outstanding at the end of the year have the following expiry dates:

| | 2012 Number | 2011 Number |
|------|----------------|----------------|
| 2012 | - | 10,811 |
| 2013 | 23,279 | 23,279 |
| 2014 | 21,686 | 21,686 |
| 2015 | 22,345 | - |

The total expense recognised in the income statement was £4,984 (2011: £3,385) and the liability at 30 September is £40,790 (2011: £33,689).

Notes to the financial statements for the year ended 30 September 2012

22 Ultimate controlling party and related party transactions

The immediate 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.

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 Companies Registry.

At the balance sheet date, the ultimate controlling parties are the trustees of the Allen J McClay (Almac) Discretionary Settlement.

Related parties consist of the parent company and subsidiaries and other Almac companies incorporated in the United Kingdom and United States of America.

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

| | 2012 | 2011 |
|--|-----------|-----------|
| | £ | £ |
| Sales to related parties | 2,795,822 | 2,481,258 |
| Purchases from related parties | 12,240 | 12,240 |
| Interest receivable from related parties | 24,503 | 12,041 |
| Interest payable to related parties | 47 | - |
| Amounts owed by group undertakings | 1,543,142 | 1,266,587 |
| Amounts owed to group undertakings | - | 400 |
| Amounts owed to related parties | - | 131 |

Details of balances owed by and to group undertakings are disclosed in note 11 and note 13. Details of interest payable and receivable on balances held with related parties are disclosed in note 5.