Registered number NI 61368

Almac Group (UK) Limited

Annual report and financial statements

for the year ended 30 September 2010

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Almac Group (UK) Limited

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

Contents

Almac Group (UK) Limited

Directors and advisers

Directors

Dr Sir Allen McClay OBE, CBE – Chairman (deceased 12 January 2010)
A D Armstrong
J W Irvine
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
BT63 5QD

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 consolidated financial statements of the group and the parent company for the year ended 30 September 2010

Principal activities

Almac Group (UK) Limited is a private limited company incorporated in Northern Ireland The company's registered address is detailed on page 1

The principal activity of the company is an investment holding company

The activities of the group extend from drug discovery through all areas of clinical trials to the commercialisation of pharmaceutical products

The group provides world-class integrated research and development support and an unparalleled range of services to customers, including the market leaders, within the pharmaceutical and biotechnology sectors

Review of business and future developments

The results for the year are as set out on page 8 At this stage of the group's strategic development the directors consider the results for the year ended 30 September 2010 and the balance sheet position at that date to be satisfactory The group will continue its commitment to invest in the businesses with a view to growing revenues significantly in the group's chosen markets

Performance

The directors are committed to the long term creation of shareholder value by increasing the group's profitability through increasing revenues in all areas of the group's activities

Group companies continue to undertake capital investment programmes over the last 3 years and, whilst the results for the financial year 2010 are satisfactory, the board anticipates further benefits from this ongoing investment programme

Future developments

In a highly competitive pharmaceutical and biotechnology market the group continues to place considerable emphasis on product and service innovation and the benefits of highly focused research and development projects

There are many challenges facing the pharmaceutical and biotech markets with the introduction of new technologies and the emergence of new global competitors The group believes it is well positioned to meet these future challenges and opportunities within this changing market-place

Principal risks and uncertainties

The management of the business and the execution of the group's strategy are subject to a number of risks, and the key ones are set out below

Competition

The group operates in competitive markets in terms of price and quality of products and services The board continually reviews these factors in each business to ensure appropriate margins are being realised and that quality of service and products is of the highest standard Quality systems are maintained according to current good manufacturing practice and international quality standards These systems are constantly reviewed and updated, where necessary

Performance is affected by pressures from governments and healthcare providers to reduce prices, together with the impact of low cost generics The emergence of services provided from countries with low labour costs is also a major factor in the market-place

Directors' report for the year ended 30 September 2010

Review of business and future developments (continued)

Employees

The group's performance is largely dependent on its staff and therefore the resignation of key individuals and the inability to recruit people with the right experience and skills could adversely affect the group's results To mitigate these risks, the group has training, learning and development programmes in place and has implemented a number of incentive schemes linked to the group's results that are designed to retain key individuals and provide attractive career opportunities

Supply chain

Other risks faced are product availability and the fluctuation in prices of both raw materials and consumables The security of product supply is monitored by the businesses on an ongoing basis with supplier financial strength, product quality and service levels regularly reviewed The group's active review of market prices provides a level of protection and maximises opportunities from anticipated price rises

Key performance indicators ("KPIs")

The directors consider that, given the nature of the group's operations, the KPIs are growth in turnover and growth in earnings before interest, tax, depreciation, amortisation and research and development expenditure ("EBITDA before research and development expenditure") These are reviewed on a regular basis within the operating companies

	2010	2009
Growth in turnover	**+14 1%**	+ 21 1%
Growth in EBITDA before research and development expenditure	**+7 6%**	+51 7%

Environment

The group 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 group 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

Financial risk management

The group's operations expose it to a variety of financial risks that include market risk (including the effects of changes in market prices and interest rate risk), foreign exchange risk, credit risk and liquidity risk The group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the group by monitoring the foregoing risks

Price risk

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

Interest rate risk

The group's interest rate risk arises from borrowings which are a combination of overdrafts, bank borrowings, term loans and loans from related parties Interest bearing assets consist of short-term bank deposits and loans to related parties Borrowings at variable rates expose the group to cash flow interest rate risk Borrowings at fixed rates expose the group to fair value interest rate risk The group manages these risks by maintaining a mixture of variable interest rates on overdrafts, bank borrowings and loans from related parties and fixed rate interest on part of the group's overall term loan facilities Interest rates are monitored on a regular basis with reference to movements in global interest rates and the potential impact upon the group's cost of borrowing

Directors' report for the year ended 30 September 2010

Review of business and future developments (continued)

Foreign exchange risk

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

Credit risk

The group 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 a limit, which is reassessed regularly by the board

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities Management monitors rolling forecasts of the group's liquidity reserve on the basis of expected cash flow In addition, the group's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements, and maintaining debt financing plans

Results and dividends

The group's profit for the financial year is £10,339,144 (2009 £6,974,332) The directors do not recommend payment of a dividend (2009 £nil)

Research and development activities

The group is strongly committed to research and development activities in the areas of clinical diagnostics and drug discovery in order to secure and enhance its market position Research expenditure in the year totalled £3,499,560 (2009 £3,954,889) and was expensed as incurred No development expenditure was incurred in the year (2009 £nil)

Directors

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

The board of directors were deeply saddened by the loss of the founder and chairman, Sir Allen McClay Sir Allen's contribution to the pharmaceutical industry both within Northern Ireland and globally is immense

He proved his commitment to the group by using much of his acquired fortune to establish the Almac Group Sir Allen also invested in both the infrastructure and in the research direction the group has taken in order to sustain and grow Almac into a truly international organisation He also had the foresight to set up The McClay Foundation and to establish it in a manner where, upon his death, it secures the long-term viability of the Almac organisation and all the employees within it For all he has contributed, we are truly grateful

Political and charitable donations

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

Directors' report for the year ended 30 September 2010

Employees

The group 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 group is encouraged, as achieving a common awareness on the part of all employees of the financial and economic factors affecting the group plays a major role in objectives

The group 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 group 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 group If members of staff become disabled the group continues employment, either in the same or an alternative position with appropriate retraining being given if necessary

Financing

The group is principally financed through a combination of retained earnings and bank facilities The group's borrowing facilities are maintained at a level sufficient to meet expected peak cash requirements of the business The directors expect that the bank facilities which are classified as current and those which mature within two years of the balance sheet date will be renewed on acceptable terms Further details on borrowings are presented in note 16

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 group 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

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 Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have prepared the group and parent company 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 group and the company and of the profit or loss of the group for that period In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments 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 the group 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 the group 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 Group (UK) Limited

We have audited the group and parent company financial statements ("the financial statements") of Almac Group (UK) Limited for the year ended 30 September 2010 which comprise the Group income statement, the Statements of changes in equity, the Group balance sheet, the Parent company balance sheet, the Group cash flow statement, the Parent company 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 and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006

Respective responsibilities of directors and auditors

As explained more fully in the Statement of directors' responsibilities set out on page 6, 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 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 group's and parent 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 group's and of the parent company's affairs as at 30 September 2010 and of the group's profit and group's and parent company's cash flows for the year then ended,
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union,
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006, and
- the financial statements 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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 required for our audit

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

Group income statement for the year ended 30 September 2010

	Note	2010 £	2009 £
Continuing operations			
Revenue	2	**136,869,706**	119,999,264
Cost of sales	6	**(92,689,565)**	(80,478,074)
Gross profit		**44,180,141**	39,521,190
Distribution costs	6	**(4,369,754)**	(4,414,386)
Administrative expenses	6	**(24,828,315)**	(22,699,304)
Research and development expenditure	6	**(3,499,560)**	(3,954,889)
Operating profit		**11,482,512**	8,452,611
Operating profit is analysed as			
EBITDA before research and development expenditure		**22,545,941**	20,959,694
Depreciation of property, plant and equipment		**(6,817,686)**	(8,006,771)
Amortisation of intangible assets		**(746,183)**	(545,423)
Research and development expenditure		**(3,499,560)**	(3,954,889)
Finance costs	5	**(1,060,322)**	(1,434,056)
Finance income	5	**65,953**	133,432
Finance costs – net		**(994,369)**	(1,300,624)
Profit before income tax		**10,488,143**	7,151,987
Income tax expense	8	**(148,999)**	(177,655)
Profit for the year attributable to owners of the parent		**10,339,144**	6,974,332

The notes on pages 14 to 39 are an integral part of these consolidated financial statements

There is no other comprehensive income for the current year or previous year

Consolidated statements of changes in equity for the year ended 30 September 2010

Group	Attributable to owners of the parent Share capital £	Share premium £	Retained earnings £	Total equity £
At 1 October 2008	10	102,060,667	141,872	102,202,549
Profit for the year	-	-	6,974,332	6,974,332
At 1 October 2009	10	102,060,667	7,116,204	109,176,881
Profit for the year	-	-	10,339,144	10,339,144
At 30 September 2010	**10**	**102,060,667**	**17,455,348**	**119,516,025**

Company	Attributable to owners of the parent Share capital £	Share premium £	Retained earnings £	Total equity £
At 1 October 2008	10	102,060,667	(4,342,395)	97,718,282
Loss for the year	-	-	(5,583,348)	(5,583,348)
At 1 October 2009	10	102,060,667	(9,925,743)	92,134,934
Loss for the year	-	-	(2,209,782)	(2,209,782)
At 30 September 2010	**10**	**102,060,667**	**(12,135,525)**	**89,925,152**

The notes on pages 14 to 39 are an integral part of these consolidated financial statements

Group balance sheet as at 30 September 2010

	Note	2010 £	2009 £
Assets			
Non-current assets			
Property, plant and equipment	10	**89,210,186**	89,103,386
Intangible assets	11	**40,831,054**	37,369,023
Deferred income tax assets	18	**5,774,170**	609,693
Total non-current assets		**135,815,410**	127,082,102
Current assets			
Inventories	13	**4,436,514**	3,797,168
Trade and other receivables	14	**54,495,165**	51,963,748
Cash and cash equivalents	15	**169,096**	9,707
Total current assets		**59,100,775**	55,770,623
Total assets		**194,916,185**	182,852,725
Liabilities			
Current liabilities			
Borrowings	16	**10,207,039**	8,511,798
Trade and other payables	17	**25,429,923**	29,939,703
Current income tax liabilities		**639,894**	233,697
Total current liabilities		**36,276,856**	38,685,198
Non-current liabilities			
Borrowings	16	**17,305,884**	18,982,660
Deferred income tax liabilities	18	**8,457,932**	3,550,654
Deferred income	19	**10,080,928**	9,435,836
Other non-current liabilities	20	**3,278,560**	3,021,496
Total non-current liabilities		**39,123,304**	34,990,646
Total liabilities		**75,400,160**	73,675,844
Equity			
Capital and reserves attributable to owners of the parent			
Share capital	21	**10**	10
Share premium		**102,060,667**	102,060,667
Retained earnings		**17,455,348**	7,116,204
Total equity		**119,516,025**	109,176,881
Total equity and liabilities		**194,916,185**	182,852,725

The notes on pages 14 to 39 are an integral part of these consolidated financial statements

The financial statements on pages 8 to 39 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)

Parent company balance sheet as at 30 September 2010

	Note	2010 £	2009 £
Assets			
Non-current assets			
Investment in subsidiaries	12	**89,080,365**	91,430,365
Total non-current assets		**89,080,365**	91,430,365
Current assets			
Trade and other receivables	14	**55,378,721**	36,392,211
Total current assets		**55,378,721**	36,392,211
Total assets		**144,459,086**	127,822,576
Liabilities			
Current liabilities			
Borrowings	16	**6,217,049**	7,083,615
Trade and other payables	17	**41,316,885**	21,354,027
Total current liabilities		**47,533,934**	28,437,642
Non-current liabilities			
Borrowings	16	**7,000,000**	7,250,000
Total non-current liabilities		**7,000,000**	7,250,000
Total liabilities		**54,533,934**	35,687,642
Equity			
Capital and reserves attributable to owners of the parent			
Share capital	21	**10**	10
Share premium		**102,060,667**	102,060,667
Retained earnings		**(12,135,525)**	(9,925,743)
Total equity		**89,925,152**	92,134,934
Total equity and liabilities		**144,459,086**	127,822,576

The notes on pages 14 to 39 are an integral part of these consolidated financial statements

The financial statements on pages 8 to 39 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)

Group cash flow statement for the year ended 30 September 2010

	Note	**2010** £	2009 £
Cash flows from operating activities			
Cash generated from operations	22	**13,709,740**	9,969,018
Interest paid		**(1,129,886)**	(1,881,548)
Net cash generated from operating activities		**12,579,854**	8,087,470
Cash flows from investing activities			
Purchase of intangible assets		**(4,208,214)**	(1,390,232)
Purchase of property, plant and equipment		**(6,956,861)**	(9,319,251)
Proceeds from disposal of property, plant and equipment		**35,000**	-
Capital grants received		**2,698,932**	2,774,256
Interest received		**65,953**	133,432
Net cash used in investing activities		**(8,365,190)**	(7,801,795)
Cash flows from financing activities			
Finance lease principal payments		**-**	(269,468)
Proceeds from/(repayment of) borrowings (net)		**435,654**	(3,133,948)
Advances to group undertakings		**(4,049,672)**	(5,392,235)
Net cash generated from/(used in) financing activities		**(3,614,018)**	(8,795,651)
Net increase/(decrease) in cash, cash equivalents and bank overdrafts		**600,646**	(8,509,976)
Cash, cash equivalents and bank overdrafts at beginning of the year		**(7,627,926)**	882,050
Cash, cash equivalents and bank overdrafts at end of the year	15	**(7,027,280)**	(7,627,926)

The notes on pages 14 to 39 are an integral part of these consolidated financial statements

Parent company cash flow statement for the year ended 30 September 2010

	Note	2010 £	2009 £
Cash flows from operating activities			
Cash (used in)/generated from operations	22	**(30,795)**	454,242
Interest paid		**(1,588,264)**	(1,002,366)
Net cash used in operating activities		**(1,619,059)**	(548,124)
Cash flows from investing activities			
Interest received		**1,776,068**	1,126,936
Net cash generated from investing activities		**1,776,068**	1,126,936
Cash flows from financing activities			
Repayment of borrowings (net)		**(125,000)**	(2,625,000)
Advances from/(to) group undertakings		**959,557**	(6,438,898)
Net cash generated from/(used in) financing activities		**834,557**	(9,063,898)
Net increase/(decrease) in cash, cash equivalents and bank overdrafts		**991,566**	(8,485,086)
Cash, cash equivalents and bank overdrafts at beginning of the year		**(6,958,615)**	1,526,471
Cash, cash equivalents and bank overdrafts at end of the year	15	**(5,967,049)**	(6,958,615)

The notes on pages 14 to 39 are an integral part of these consolidated financial statements

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

1 Accounting policies

General information

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

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

Basis of preparation

These consolidated 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 group'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 group'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
International Accounting Standards (IASs/IFRSs)		
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

* not yet adapted by the European Union

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 group or the parent 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 group 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 group adopted this early in 2009 accounts 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 group 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 group'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 the group's prior accounting policy and has no impact on the group's accounting policies

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

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)

International Accounting Standards (IASs/IFRSs)		Effective date
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 group's financial statements in the period of initial application However the following standards and interpretations are expected to have an 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 group will apply IAS 1 (amendment) from 1 October 2010 It is not expected to have a material impact on the group'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 group (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 group will apply IFRS 2 (amendment) from 1 January 2010 It is not expected to have a material impact on the group's financial statements

Basis of consolidation

Subsidiaries are all entities (including special purposes entities) over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity Subsidiaries are fully consolidated from the date on which control is transferred to the group They are de-consolidated from the date that control ceases

The purchase method of accounting is used to account for the acquisition of subsidiaries by the group The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest The excess of the cost of acquisition over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement

Inter-company transactions balances and unrealised gains on transactions between group companies are eliminated Unrealised losses are also eliminated Accounting policies of subsidiaries are consistent with the policies adopted by the group

Minority interests

Losses applicable to a minority shareholder in a consolidated subsidiary are allocated against the majority interest except to the extent that the minority has a binding obligation, and is financially able to cover losses If the subsidiary subsequently reports profits, such profits are allocated to the majority shareholders until the minority's share of losses previously absorbed by the majority has been recovered

Property, plant and equipment

Land and buildings comprise mainly offices, leasehold improvements and laboratories 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 group and the cost of 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

No depreciation is charged on land For all other assets depreciation is calculated so as to write off the cost less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned The principal annual rates used are as follows

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

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

1 Accounting policies (continued)

Property, plant and equipment (continued)

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 disposals are determined by comparing the proceeds with the carrying amount and are recognised within administrative expenses in the income statement

Capitalisation of finance costs

Borrowing costs attributable to properties in the course of development are capitalised to those properties without deduction of tax relief Capitalisation of interest ceases when substantially all the activities that are necessary to get the asset ready for use are complete

Intangible assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the group'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 is 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 and software under development

The costs of acquiring and bringing computer software into 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 group 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 so that it will be available for use,
- 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 readily measured

Research and development

Expenditure on research is written off in the year in which it is incurred Development expenditure is capitalised when the criteria for recognising an asset are met

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

1 Accountıng policies (continued)

Current and deferred ıncome tax

The tax expense for the year comprıses current and deferred tax Tax ıs recognısed ın the ıncome statement, except to the extent that ıt relates to ıtems recognısed ın other comprehensıve ıncome or dırectly ın equıty In thıs case the tax ıs also recognısed ın other comprehensıve ıncome or dırectly ın equıty, respectıvely

The current ıncome tax charge ıs calculated on the basıs of the tax laws enacted or substantıvely enacted at the balance sheet date ın the countrıes where the group's subsıdıarıes operate and generate taxable ıncome Management perıodıcally evaluates posıtıons taken ın tax returns wıth respect to sıtuatıons ın whıch applıcable tax regulatıon ıs subject to ınterpretatıon It establıshes provısıons where approprıate on the basıs of amounts expected to be paıd to the tax authorıtıes

Deferred ıncome tax ıs recognısed, usıng the lıabılıty method, on temporary dıfferences arısıng between the tax bases of assets and lıabılıtıes and theır carryıng amounts ın the consolıdated fınancıal statements However, the deferred ıncome tax ıs not accounted for ıf ıt arıses from ınıtıal recognıtıon of an asset or lıabılıty ın a transactıon other than a busıness combınatıon that at the tıme of the transactıon affects neıther accountıng nor taxable profit or loss Deferred ıncome tax ıs determıned usıng tax rates and laws that have been enacted or substantıally enacted by the balance sheet date and are expected to apply when the related deferred ıncome tax asset ıs realısed or the deferred ıncome tax lıabılıty ıs settled

Deferred ıncome tax assets are recognısed only to the extent that ıt ıs probable that future taxable profit wıll be avaılable agaınst whıch the temporary dıfferences can be utılısed Deferred ıncome tax ıs provıded on temporary dıfferences arısıng on ınvestments ın subsıdıarıes and assocıates, except where the tımıng of the reversal of the temporary dıfference ıs controlled by the group and ıt ıs probable that the temporary dıfference wıll not reverse ın the foreseeable future

Deferred ıncome tax assets and lıabılıtıes are offset when there ıs a legally enforceable rıght to offset current tax assets agaınst current tax lıabılıtıes and when the deferred ıncome tax assets and lıabılıtıes relate to ıncome taxes levıed by the same taxatıon authorıty on eıther the taxable (entıty or dıfferent taxable entıtıes) where there ıs an ıntentıon to settle the balances on a net basıs

Investment ın subsıdıarıes

Investments ın subsıdıarıes are held as non-current assets and are recorded at cost, whıch ıs the faır value of the consıderatıon paıd

Inventorıes

Inventorıes are stated at the lower of cost and net realısable value Cost ıs determıned usıng the first-ın, first-out (FIFO) method The cost of fınıshed goods and work ın progress comprıses raw materıals, dırect labour, other dırect costs and related productıon overheads (based on normal capacıty) It excludes borrowıng costs Net realısable value ıs the estımated sellıng prıce ın the ordınary course of busıness, less applıcable varıable sellıng expenses

Fınancıal assets

The group classıfies all ıts fınancıal assets as loans and receıvables Loans and receıvables are non-derıvatıve fınancıal assets wıth fixed or determınable payments that are not quoted ın an actıve market They are ıncluded ın current assets, except for maturıtıes greater than 12 months after the end of the reportıng perıod These are classıfied as non-current assets The group's loans and receıvables comprıse 'trade and other receıvables' and cash and cash equıvalents ın the balance sheet

Impaırment of non-fınancıal assets

Assets that have an ındefinıte useful economıc lıfe, for example goodwıll, are not subject to amortısatıon and are tested annually for ımpaırment Assets that are subject to amortısatıon are revıewed for ımpaırment whenever events or changes ın cırcumstances ındıcate that the carryıng value may not be recoverable An ımpaırment loss ıs recognısed for the amount by whıch the asset's carryıng amount exceeds ıts recoverable amount The recoverable amount ıs the hıgher of an asset's faır value less costs to sell, and value ın use For the purposes of assessıng ımpaırment, assets are grouped by cash generatıng unıt Non-fınancıal assets other than goodwıll that have suffered ımpaırment are revıewed for possıble reversal of the ımpaırment at each reportıng date

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

1 Accounting policies (continued)

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 noncurrent 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 consolidated statement of cash flows, 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 In the consolidated balance sheet, bank overdrafts are shown within borrowings in current liabilities on the balance sheet

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred Borrowings are subsequently stated at amortised cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down In this case, the fee is deferred until the draw-down occurs To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates

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

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

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 group leases certain property, plant and equipment Leases of property, plant and equipment where the group has substantially all the risks and rewards of ownership are classified as finance leases Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding The corresponding rental obligations, net of finance charges, are included in other long-term payables The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period The property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful economic life of the asset and the lease term

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

1 Accounting policies (continued)

Grants

Grants are recognised at their fair value where there is a reasonable assurance that the grant will be received and the group 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 group's activities Revenue is shown, net of value-added tax, returns, rebates and discounts

The group 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 group 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 group uses percentage-of-completion method in accounting for its fixed price contracts to deliver services Use of the percentage-of-completion method requires the group 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 group'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 group'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 whose 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 group operates a defined contribution plan for employees whereby the group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis The group has no further payment obligations once the contributions have been paid The contributions are recognised as 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 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)

Share-based payments

The group issues cash-settled phantom share-based payments to certain employees of the group for their services to the group The group 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 group's estimate of the number of awards which will lapse due to employees leaving the group 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 group's principal activities carried out in the United Kingdom and the United States of America

3 Financial risk management

Financial risk factors

The group's operations expose it to a variety of financial risks that include market risk (including the effects of changes in market prices and interest rate risk), foreign exchange risk, credit risk and liquidity risk The group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the group by monitoring the foregoing risks

(a) Market risk

(i) Foreign exchange risk

While the greater part of the group's revenues and expenses are denominated in sterling, the group is exposed to foreign exchange risk in the normal course of business, principally on sales in US dollars While the group 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 profits £'000	**Impact on equity £'000**	Impact on post-tax profits £'000	Impact on equity £'000
US dollar weakens by 10% against GBP	**(669)**	**(669)**	(615)	(615)
US dollar strengthens by 10% against GBP	**+817**	**+817**	+752	+752

The directors do not regard the group's foreign exchange exposure on sales in Euro as significant

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

3 Financial risk management (continued)

Financial risk factors

(ii) Interest rate risk

The group's interest rate risk arises from borrowings which are a combination of overdrafts, bank borrowings, term loans and loans from related parties The group manages this risk by maintaining a mixture of variable interest rates on overdrafts, bank borrowings and loans from related parties and fixed rate interest on part of the group's overall term loan facilities The interest rate is monitored on a regular basis with reference to movements in global interest rates and the potential impact upon the group's cost of borrowing 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 profits £'000	**Impact on equity £'000**	Impact on post-tax profits £'000	Impact on equity £'000
Interest rates increase by 1%	**(187)**	**(187)**	(264)	(264)
Interest rates decrease by 1%	**+187**	**+187**	+264	+264

(iii) Price risk

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

(b) Credit risk

The group 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 by the board

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities Management monitors rolling forecasts of the group's liquidity reserve on the basis of expected cash flow In addition, the group's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements, and maintaining debt financing plans

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

4 Capital rısk management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns to shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt

The group monitors capital on the basis of the gearing ratio This ratio is calculated as net debt divided by total capital Net debt is calculated as total borrowings (current and non-current) as shown in the consolidated balance sheet less cash and cash equivalents Total capital is calculated as equity as shown in the consolidated balance sheet plus net debt

The gearing ratios at 30 September were as follows

	2010	2009
Group	**£**	£
Total borrowings (note 16)	**27,512,923**	27,494,458
Less cash and cash equivalents (note 15)	**(169,096)**	(9,707)
Net debt	**27,343,827**	27,484,751
Total equity	**119,516,025**	109,176,881
Total capital	**146,859,852**	136,661,632
Gearing ratio	**19%**	20%

The group's strategy is to maintain an appropriate mix of debt and equity consistent with fulfilling long-term growth plans

5 Finance costs - net

	2010	2009
Group	**£**	£
Interest expense		
Interest payable on bank borrowings	**(627,731)**	(747,027)
Interest payable to related parties	**(242,193)**	(340,266)
Interest payable on finance leases	**-**	(4,826)
Other finance costs	**(190,398)**	(341,937)
Finance costs	**(1,060,322)**	(1,434,056)
Interest income		
Interest receivable on bank deposits	**38,642**	95,142
Interest receivable from related parties	**27,311**	38,290
Finance income	**65,953**	133,432
Finance costs - net	**(994,369)**	(1,300,624)

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

6 Expenses by nature

Group	2010 £	2009 £
Changes in inventories of finished goods and work in progress	**460,899**	(1,062,437)
Raw materials and consumables used	**26,790,993**	26,023,329
Employee benefits expense - net of capitalised software development costs (note 7)	**39,794,403**	35,253,894
Depreciation and amortisation	**7,563,869**	8,552,194
Operating lease payments	**460,160**	463,382
Transfer from capital grant reserve	**(2,053,840)**	(1,710,556)
Revenue grants	**(1,427,679)**	(2,662,133)
Profit on disposal of property, plant and equipment	**(2,625)**	-
Other expenses	**53,801,014**	46,688,980
Total cost of sales, distribution costs, administrative expenses and research and development expenditure	**125,387,194**	111,546,653

Services provided by the company's auditors and its associates

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

Group	2010 £	2009 £
Fees payable to the company's auditor for the audit of parent company and consolidated financial statements	**13,450**	13,450
Fees payable to the company's auditor and its associated for other services		
- The audit of company's subsidiaries pursuant to legislation	**48,471**	50,878
- Other services pursuant to legislation	**12,315**	7,591
- Tax services	**13,775**	20,487

7 Employees and directors

Group	2010 £	2009 £
Staff costs during the year		
Wages and salaries (including capitalised costs)	**34,685,337**	30.642,682
Social security costs	**3,356,344**	2,926,783
Pension costs – defined contribution plans	**1,057,698**	915,893
Share based payments costs	**1,142,893**	1,008,488
	40,242,272	35,493,846

Group	2010 Number	2009 Number
Average monthly number of persons employed (including directors) during the year by activity		
Production	**1,236**	1,062
Sales and marketing	**48**	29
Administration	**79**	84
Research and development	**38**	33
	1,401	1,208

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

7 Employees and directors (continued)

Key management personnel are remunerated by the group's ultimate parent undertaking, Almac Group Limited for services provided to the entire group There were no key members of management during the year or during the previous year other than the company directors

During the year ended 30 September, the directors received the following emoluments from the ultimate parent undertaking

Directors	2010 £	2009 £
Wages and salaries	**1,310,753**	1,554,452
Pension costs – defined contribution plans	**139,294**	405,816

Four directors (2009 four) have retirement benefits accruing under a defined contribution plan operated by the company's ultimate parent undertaking Four directors (2009 four) have exercised phantom share options in the year

Highest paid director	2010 £	2009 £
Wages and salaries	**406,548**	396,119
Pension costs – defined contribution plans	**46,984**	40,327

8 Income tax expense

Group	2010 £	2009 £
Current tax		
UK Corporation tax	**639,894**	233,697
Adjustment in respect of previous periods	**(233,696)**	-
Total current tax	**406,198**	233,697
Deferred tax		
Accelerated capital allowances and other temporary differences	**954,724**	(5,085)
Changes in tax laws and rates	**24,996**	-
Adjustment in respect of previous periods	**(1,236,919)**	(50,957)
Total deferred tax	**(257,199)**	(56,042)
Income tax expense	**148,999**	177,655

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

8 Income tax expense (continued)

The tax on the group's profit before tax dıffers from the theoretıcal amount that would anse usıng the weıghted average tax rate applıcable to profits of the consolıdated entıtıes as follows

	2010 £	2009 £
Profit before ıncome tax	**10,488,143**	7,151,987
Profit before ıncome tax at the UK standard rate of 28% (2009 28%)	**2,936,680**	2,002,556
Effects of		
Expenses not deductıble for tax purposes	**685,861**	529,052
Income not taxable	**(337,319)**	(40,849)
Adjustment ın respect of prevıous penods	**(1,470,615)**	(50,957)
Capıtal grants not taxable	**(547,746)**	(575,075)
Movement ın deferred tax not provıded	**138,388**	(586,852)
Research and development tax credıts	**(794,498)**	(260,924)
Group relıef not paıd	**(486,748)**	(839,296)
Change ın tax laws and rates	**24,996**	-
Income tax expense	**148,999**	177,655

Factors affectıng future tax charges

Durıng the year, as a result of the change ın the UK maın corporatıon tax rate from 28% to 27% that was substantıvely enacted on 20 July 2010 and that wıll be effectıve from 1 Aprıl 2011, the relevant deferred tax balances have been re-measured

Further reductıons to the UK corporatıon tax rate were announced ın the June 2010 Budget The changes, whıch are expected to be enacted separately each year, propose to reduce the rate by 1% per annum to 24% by 1 Aprıl 2014 The changes had not been substantıvely enacted at the balance sheet date and therefore are not recognısed ın these financıal statements

9 Loss for the year

The company has not presented ıts own ıncome statement as permıtted by Sectıon 408 of the Companıes Act 2006 The company's loss for the year was £2,209,782 (2009 £5,583,348)

10 Property, plant and equipment

Group	Land and buildings £	Assets in course of construction £	Plant and machinery £	Fixtures, fittings and computer equipment £	Motor vehicles £	Total £
Cost						
At 1 October 2009	72,768,213	-	25,947,753	6,110,787	9,903	104,836,656
Additions	1,377,766	541,616	3,386,278	1,651,201	-	6,956,861
Transfers	(349.191)	(391,998)	261,589	479,600	-	-
Disposals	-	-	(35,000)	(57,933)	-	(92,933)
At 30 September 2010	**73,796,788**	**149,618**	**29,560,620**	**8,183,655**	**9,903**	**111,700,584**
Accumulated depreciation						
At 1 October 2009	3,287,085	-	10,078,122	2,358,160	9,903	15,733,270
Charge for the year	1,758,381	-	3,867,467	1,191,838	-	6,817,686
Disposals	-	-	(2,625)	(57,933)	-	(60,558)
At 30 September 2010	**5,045,466**	**-**	**13,942,964**	**3,492,065**	**9,903**	**22,490,398**
Net book amount						
At 30 September 2010	**68,751,322**	**149,618**	**15,617,656**	**4,691,590**	**-**	**89,210,186**

Group	Land and buildings £	Plant and machinery £	Fixtures, fittings and computer equipment £	Motor vehicles £	Total £
Cost					
At 1 October 2008	67,500,551	23,376,568	4,630,383	9,903	95,517,405
Additions	5,267,662	2,571.185	1,480,404	-	9,319,251
At 30 September 2009	**72,768,213**	**25,947,753**	**6,110,787**	**9,903**	**104,836,656**
Accumulated depreciation					
At 1 October 2008	1,630,626	4,908,220	1,180,984	6,669	7,726,499
Charge for the year	1,656,459	5,169,902	1,177,176	3,234	8,006,771
At 30 September 2009	**3,287,085**	**10,078,122**	**2,358,160**	**9,903**	**15,733,270**
Net book amount					
At 30 September 2009	**69,481,128**	**15,869,631**	**3,752,627**	**-**	**89,103,386**

Depreciation is included within administrative expenses in the income statement

Borrowings totalling £17,821,930 (2009 £17,803,466) are secured against the above assets (note 16)

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

11 Intangible assets

Group	Goodwill £	Computer software £	Software under development £	Total £
Cost				
At 1 October 2009	29,877,515	3,571,103	4,812,791	38,261,409
Additions	-	739,085	3,469,129	4,208,214
At 30 September 2010	**29,877,515**	**4,310,188**	**8,281,920**	**42,469,623**
Accumulated amortisation				
At 1 October 2009	-	892,386	-	892,386
Amortisation in the year	-	746,183	-	746,183
At 30 September 2010	**-**	**1,638,569**	**-**	**1,638,569**
Net book amount				
At 30 September 2010	**29,877,515**	**2,671,619**	**8,281,920**	**40,831,054**

Group	Goodwill £	Computer software £	Software under development £	Total £
Cost				
At 1 October 2008	29,877,515	3,000,244	3,993,418	36,871,177
Additions	-	570,859	819,373	1,390,232
At 30 September 2009	**29,877,515**	**3,571,103**	**4,812,791**	**38,261,409**
Accumulated amortisation				
At 1 October 2008	-	346,963	-	346,963
Amortisation in the year	-	545,423	-	545,423
At 30 September 2009	**-**	**892,386**	**-**	**892,386**
Net book amount				
At 30 September 2009	**29,877,515**	**2,678,717**	**4,812,791**	**37,369,023**

Amortisation is included within administrative expenses in the income statement

Impairment tests for goodwill

Goodwill relates to the group's clinical services entity which is regarded as a separate cash-generating unit (CGU) The recoverable amount of a CGU is determined based on value in use calculations These calculations use pre tax cash flow projections based on financial budgets approved by management and covering a three year period The discount rate used of 10% (2009 10%) is pre tax and reflects specific risks relating to the relevant CGU

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

12 Investment in subsidiaries

Company	£
Cost	
At 1 October 2008, at 1 October 2009 and **at 30 September 2010**	**102,060,676**
Provisions for impairment	
At 1 October 2008	4,500,000
Provision in the year	6,130,311
At 30 September 2009	10,630,311
Provision in the year	2,350,000
At 30 September 2010	**12,980,311**
Net book amount	
At 30 September 2010	**89,080,365**
At 30 September 2009	91,430,365

Investments in group undertakings are recorded at cost, which is the fair value of the consideration paid

The directors believe that the carrying value of the investments is supported by their underlying net assets

The significant trading undertakings of the group at 30 September 2010 were

	Country of incorporation	Nature of business	Proportion of ordinary shares held
Almac Sciences Limited	Northern Ireland	Provision of custom chemical synthesis services	100%
Almac Diagnostics Limited	Northern Ireland	Development of cancer diagnostics and microarray based data analysis	79%
Almac Clinical Services Limited	Northern Ireland	Provision of services to pharmaceutical and biotechnology companies	100%
Almac Pharma Services Limited	Northern Ireland	Manufacture of pharmaceutical products	100%
Almac Clinical Technologies Limited	Northern Ireland	Provision of services and management of clinical trials drug supply to customers in the pharmaceutical sector	100%

13 Inventories

Group	2010 £	2009 £
Raw materials	**3,116,035**	2,015,790
Work in progress	**697,443**	976,019
Finished goods	**623,036**	805,359
	4,436,514	3,797,168

The cost of inventories recognised as expense and included in cost of sales amounted to £27,251,892 (2009 £24,960,892)

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

14 Trade and other receivables

	Group		Company	
	2010	2009	**2010**	2009
	£	£	**£**	£
Trade receivables	**20,575,091**	23,038,654	**-**	-
Less provision for impairment of trade receivables	**(1,081,021)**	(1,104,488)	**-**	-
Trade receivables (net)	**19,494,070**	21,934,166	**-**	-
Amounts owed by group undertakings	**27,692,329**	21,893,711	**55,378,721**	36,392,211
Amounts owed by related undertakings	**3,741,217**	3,200,237	**-**	-
Other receivables	**2,897,533**	4,490,311	**-**	-
Prepayments and accrued income	**670,016**	445,323	**-**	-
	54,495,165	51,963,748	**55,378,721**	36,392,211

The fair values of trade and other receivables are not materially different from their carrying value For the purposes of IFRS7, all of the group's and company's financial assets are classified as loans and receivables The group and company have no assets that are classified as held at fair value through profit and loss, derivatives used for hedging or available for sale

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

	Group		Company	
	2010	2009	**2010**	2009
	£	£	**£**	£
GBP	**41,810,678**	39,308,122	**55,643,845**	35,215,482
US dollar	**9,866,012**	10,267,106	**(192,191)**	764,707
Euro	**2,818,475**	2,388,520	**(72,933)**	412,022
	54,495,165	51,963,748	**55,378,721**	36,392,211

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

Trade receivables impaired and the amount of the impairment provision at 30 September 2010 was £1,081,021 (2009 £1,104,488) The individually impaired receivables mainly relate to invoices for which there is uncertainty over recoverability It was assessed that a portion of the receivables is expected to be recovered The trade receivables that were impaired were all overdue by more than two months

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

	Group	
	2010	2009
	£	£
At 1 October	**1,104,488**	1,068,403
Provision for receivables impairment during the year	**35,889**	188,692
Exchange adjustment	**(3,145)**	7,016
Receivables written off during the year as uncollectable	**(49,214)**	(55,124)
Unused amounts reversed	**(6,997)**	(104,499)
At 30 September	**1,081,021**	1,104,488

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

14 Trade and other receivables (continued)

As of 30 September 2010, trade receivables of £5,594,969 (2009 £4,151,113) were past due but not impaired These relate to a number of large multinational companies and public institutions for whom there is little risk of default The aged analysis of these trade receivables is as follows

	Group	
	2010	2009
	£	£
Up to 2 months overdue	**3,581,098**	2,675,380
More than 2 months overdue	**2,013,871**	1,475,733
	5,594,969	4,151,113

The other classes within trade and other receivables do not contain impaired assets

15 Cash and cash equivalents

	Group		Company	
	2010	2009	**2010**	2009
	£	£	**£**	£
Cash at bank and in hand	**169,096**	9,707	**-**	-

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

	Group		Company	
	2010	2009	**2010**	2009
	£	£	**£**	£
Cash and cash equivalents	**169,096**	9,707	**-**	-
Bank overdraft	**(7,196,376)**	(7,637,633)	**(5,967,049)**	(6,958,615)
	(7,027,280)	(7,627,926)	**(5,967,049)**	(6,958,615)

16 Borrowings

	Group		Company	
	2010	2009	**2010**	2009
Current	**£**	£	**£**	£
Bank overdraft - secured	**7,196,376**	7,637,633	**5,967,049**	6,958.615
Bank loans - secured (a)	**250,000**	125,000	**250,000**	125,000
Other loans - secured (b)	**729,165**	749,165	**-**	-
Other loans - secured (c)	**1,188,054**	-	**-**	-
Amounts owed to group undertakings (d)	**383,444**	-	**-**	-
Amounts owed to related parties (e)	**460,000**	-	**-**	-
	10,207,039	8,511,798	**6,217,049**	7,083,615

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

16 Borrowings (continued)

	Group		Company	
	2010	2009	**2010**	2009
Non-current	**£**	£	**£**	£
Bank loans - secured (a)	**7,000,000**	7,250,000	**7,000,000**	7,250,000
Other loans - secured (b)	**1,458,335**	2,041,668	**-**	-
Amounts owed to group undertakings (d)	**6,135,084**	6,518,527	**-**	-
Amounts owed to related parties (e)	**2,712,465**	3,172,465	**-**	-
	17,305,884	18,982,660	**7,000,000**	7,250,000
Total borrowings	**27,512,923**	27,494,458	**13,217,049**	14,333,615

(a) £7,250,000 of bank loans is repayable in varying instalments over the period of the loan with £250,000 falling due for payment during the year ended 30 September 2011, with the remainder maturing in December 2011 Interest is at a fixed rate of 4 31% per annum The loans are secured by a floating charge over the group's assets

(b) This loan is repayable by 32 quarterly instalments of £145,833 commencing June 2006 Interest is charged at a fixed rate of 5 68% per annum This amount is secured on the property of a subsidiary company An additional loan of £20,000 from 2009 was repaid during the year

(c) This loan is interest free and will be earned out against future capital grants This amount is secured on a property of a subsidiary company

(d) £6,518,527 is owed to Almac Offshore Employee Benefit Trust The loan agreement was revised during the year so as to postpone the next capital payment until 2011 Interest is charged at 1 5% above base rate

(e) £3,172,465 is due to The McClay Foundation Interest is charged at 2 5% above base rate

The fair value of both current and non-current borrowings equates to 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 group has no liabilities that may be classified as held at fair value through profit and loss or derivatives used for hedging

The carrying amount of the group's and company's borrowings are denominated in the following currencies

	Group		Company	
	2010	2009	**2010**	2009
	£	£	**£**	£
GBP	**27,470,117**	27,494,458	**13,217,049**	14,333,615
US dollar	**42,806**	-	**-**	-
	27,512,923	27,494,458	**13,217,049**	14,333,615

The effective interest rates at the balance sheet date were as follows	**2010**	2009
	%	%
Bank overdrafts	**3 45**	3 45
Variable rate loans	**2 00 – 3 00**	2 00 – 3 00
Fixed rate loans	**4 31 – 5 68**	4 31 – 5 68

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

16 Borrowings (continued)

Maturity of financial liabilities

The maturity profile of the carrying amount of non-current borrowings at 30 September was as follows

Group	Bank loans 2010 £	Amounts owed to related parties 2010 £	Other loans 2010 £	Total 2010 £
In more than one year but not more than two years	7,000,000	1,993,772	583,333	9,577,105
In more than two years but not more than five years	-	5,981,312	875,002	6,856,314
In more than five years	-	872,465	-	872,465
	7,000,000	8,847,549	1,458,335	17,305,884

Group	Loans and bank overdraft 2009 £	Amounts owed to related parties 2009 £	Other loans 2009 £	Total 2009 £
In more than one year but not more than two years	250,000	843,443	583,332	1,676,775
In more than two years but not more than five years	7,000,000	5,981,312	1,458,336	14,439,648
In more than five years	-	2,866,237	-	2,866,237
	7,250,000	9,690,992	2,041,668	18,982,660

Company	Bank loans 2010 £	Bank loans 2009 £
In more than one year but not more than two years	7,000,000	250,000
In more than two years but not more than five years	-	7,000,000
	7,000,000	7,250,000

The amounts included in the tables below are the contractual undiscounted cash flows of current and non-current borrowings

Group	Loans and bank overdraft 2010 £	Amounts owed to related parties 2010 £	Other loans 2010 £	Total 2010 £
Less than one year	8,008,838	1,057,494	2,107,629	11,173,961
In more than one year but not more than two years	7,075,218	2,182,715	698,078	9,956,011
In more than two years but not more than five years	-	6,282,667	984,482	7,267,149
In more than five years	-	972,013	-	972,013
	15,084,056	10,494,889	3,790,189	29,369,134

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

16 Borrowings (continued)

Group	Loans and bank overdraft 2009 £	Amounts owed to related parties 2009 £	Other loans 2009 £	Total 2009 £
Less than one year	8,343,994	225,545	980,199	9,549,738
In more than one year but not more than two years	564,187	1,057,494	731,484	2,353,165
In more than two years but not more than five years	7,075,218	6,414,345	1,682,560	15,172,123
In more than five years	-	2,927,877	-	2,927,877
	15,983,399	10,625,261	3,394,243	30,002,903

Company	**Loans and bank overdraft 2010 £**	Loans and bank overdraft 2009 £
Less than one year	**6,673,037**	7,578,124
In more than one year but not more than two years	**7,075,218**	564,187
In more than two years but not more than five years	-	7,075,218
	13,748,255	15,217,529

17 Trade and other payables

	Group		Company	
	2010 £	2009 £	**2010 £**	2009 £
Trade payables	**10,785,879**	9,942,000	-	-
Amounts owed to group undertakings	**5,778,461**	10,326,456	**41,220,627**	21,274,560
Amounts owed to related parties	**61,453**	9,663	-	-
Amounts owed to a director	-	73,111	-	-
Other tax and social security	**1,187,745**	1,040,329	-	-
Other payables	**1,928,425**	1,960,898	-	-
Accruals	**5,687,960**	6,587,246	**96,258**	79,467
	25,429,923	29,939,703	**41,316,885**	21,354,027

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

There is no material 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

18 Deferred income tax

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

Group	**2010** £	2009 £
Deferred tax liabilities		
- Deferred tax liability to be recovered after more than 12 months	**(2,683,762)**	(2,940,961)

The gross movement on the deferred income tax account is as shown below

Deferred tax liabilities - group	£
At 1 October 2008	(2,997,003)
Credited to the income statement	56,042
At 1 October 2009	(2,940,961)
Credited to the income statement	257,199
At 30 September 2010	**(2,683,762)**

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

Group deferred tax (liabilities)/ assets	Accelerated capital allowances £	Other temporary differences £	Total £
At 1 October 2008	(3,429,748)	432,745	(2,997,003)
(Charged)/credited to the income statement	(120,906)	176,948	56,042
At 30 September 2009	(3,550,654)	609,693	(2,940,961)
(Charged)/credited to the income statement	(4,907,278)	5,164,477	257,199
At 30 September 2010	**(8,457,932)**	**5,774,170**	**(2,683,762)**

Deferred income tax assets are recognised to the extent that the realisation of the related tax benefit through future taxable benefits is probable Deferred income tax assets not recognised are comprised as follows

Deferred tax asset not provided - group	**2010** £	2009 £
Losses	**2,529,674**	2,419,113
Short-term temporary differences	**322,226**	293,236
Accelerated capital allowances	**112**	1,275
	2,852,012	2,713,624

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

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

19 Deferred income

Group	Government grants £
At 1 October 2008	8,372,136
Capital grants received during the year	2,774,256
Released to the income statement	(1,710,556)
At 1 October 2009	9,435,836
Capital grants received during the year	2,698,932
Released to the income statement	(2,053,840)
At 30 September 2010	**10,080,928**

20 Other non-current liabilities

	Group		**Company**	
	2010	2009	**2010**	2009
	£	£	**£**	£
Accruals	**3,278,560**	3,021,496	**-**	-

Maturity of other non-current liabilities

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

Group	**2010** **£**	2009 £
In more than one year but not more than two years	**1,031,803**	963,584
In more than two years but not more than five years	**2,246,757**	2,057,912
	3,278,560	3,021,496

21 Called up share capital

Group and company **Authorised**	**2010** **£**	2009 £
100 Ordinary shares of £1 each	**100**	100

Group and company **Allotted and fully paid**	**£**
At 1 October 2008, 30 September 2009 **and at 30 September 2010** 10 Ordinary shares of £1 each	10

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

22 Cash generated from/(used in) operations

	Group		Company	
	2010	2009	**2010**	2009
	£	£	**£**	£
Profit/(loss) before income tax	**10,488,143**	7,151,987	**(2,209,782)**	(5,583,348)
Adjustment for				
Depreciation of property, plant and equipment	**6,817,686**	8,006,771	**-**	-
Amortisation of intangible assets	**746,183**	545,423	**-**	-
Profit on disposal of property, plant and equipment	**(2,625)**	-	**-**	-
Release of capital grant	**(2,053,840)**	(1,710,556)	**-**	-
Investment write down	**-**	-	**2,350,000**	6,130,311
Interest receivable	**(65,953)**	(133,432)	**(1,776,068)**	(1,126,936)
Interest payable	**1,060,322**	1,434,056	**1,605,055**	992,895
Movement in inventories	**(639,346)**	(1,448,699)	**-**	-
Movement in trade and other receivables	**(2,531,417)**	(7,818,430)	**-**	-
Movement in trade and other payables	**(366,477)**	3,563,047	**-**	41,320
Movement in non-current liabilities	**257,064**	378,851	**-**	-
Net cash generated from/(used in) operations	**13,709,740**	9,969,018	**(30,795)**	454,242

23 Pension commitments

The group operates a defined contribution scheme for employees whereby the assets of the scheme are held separately from those of the group in an independently administered scheme Pension costs for the defined contribution scheme were as follows

	2010	2009
Group	**£**	£
Defined contribution scheme	**1,057,698**	915,893

24 Capital and other financial commitments

	Group		Company	
	2010	2009	**2010**	2009
	£	£	**£**	£
Contracts placed for future property, plant and equipment and intangible asset expenditure not provided in the financial statements	**4,054,315**	5,010,956	**-**	-

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

25 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
Group	**£**	£	**£**	£
No later than one year	**135,663**	127,244	**517,500**	517,500
Later than one year and no later than five years	**139,112**	171,538	**2,070,000**	2,070,000
Later than five years	**-**	-	**2,568,495**	3,044,746
	274,775	298,782	**5,155,995**	5,632,246

26 Contingencies

There exists a contingent liability to repay certain capital and revenue grants received from Invest Northern Ireland if future employment levels fall below specified levels The directors do not anticipate any repayment falling due under the terms on which the grants were received

27 Share-based payments

The group 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 group 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 group's estimate of the number of awards which will lapse due to employees leaving the group 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	**70**	69
Share awards	**1,403,669**	1 512,136
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

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

27 Share based payments (continued)

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	**4,355,098**	4,058,134
Granted	**1,403,669**	1,512,136
Forfeited	**(8,876)**	(203,355)
Exercised	**(1,356,987)**	(1,011,817)
Outstanding at 30 September	**4,392,904**	4,355,098
Exercisable on 1 January 2011/2010	**1,532,997**	1,356,987

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

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

	2010 Number	2009 Number
2010	-	1,378,207
2011	**1,554,217**	1,532,997
2012	**1,443,894**	1,443,894
2013	**1,394,793**	-

The total expense recognised in the income statement was £1,142,893 (2009 £1,008,488)

28 Ultimate controlling party and related party transactions

The ultimate parent undertaking of the company and the parent undertaking of the only 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 As detailed in the Directors' report, 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

Companies under common control are also related parties under IAS 24 Transactions entered into during the year with such parties, and balances outstanding at 30 September are as follows

Group	2010 £	2009 £
Sales to related parties	**39,454,209**	28,796,086
Purchases from related parties	**4,815,870**	5,240,226
Management charge paid	**11,596,411**	10,655,645

Details of amounts owed by and to group undertakings and other related parties are disclosed in notes 14, 16 and 17 respectively Details of interest payable and receivable on related party balances are disclosed in note 5