

Almac Sciences (Scotland) Limited
Annual report
for the year ended 30 September 2006



Almac Sciences (Scotland) Limited

Report and financial statements for the year ended 30 September 2006

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Directors and advisers

Executive directors

Dr Sir Allen McClay OBE, CBE – Chairman
S Barr
S Campbell
JW Irvine
RA Milhken
R Ramage
JA Vida
A D Armstrong
R M Cresswell

Secretary

C Hayburn

Registered office

Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EN

Solicitors

Dundas and Wilson
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EN

Bankers

Northern Bank
45 48 High Street
Portadown
BT62 1LB

Registered auditors

PricewaterhouseCoopers LLP
Waterfront Plaza
8 Laganbank Road
Belfast
BT1 3LR

**Directors' report
for the year ended 30 September 2006**

The directors present their report and the audited financial statements for the year ended 30 September 2006

Change of name

On 13 June 2006 the company changed its name CSS Albachem Limited to Almac Sciences (Scotland) Limited

Principal activities

Almac Sciences (Scotland) Limited is a private limited company incorporated in Scotland. The registered address is detailed on page 1.

The principal activity of the company is scientific research.

Results and dividends

The loss for the financial year is £544,057 (2005 £228,132). The directors do not recommend payment of a dividend.

Directors and their interests

The directors who served during the year are shown on page 1.

The interests of the directors who had an interest in the shares of the company at 30 September 2006 are as follows:

	Ordinary shares of £0.05 each	
	2006 Number	2005 Number
Dr Sir Allen McClay	10,691,020	10,691,020

Research and development

The company is committed to research and development. The charge for the year is £356,061 (2005 £250,000).

Political and charitable donations

No donations for political or charitable purposes were made during the year.

Employees

The company's policy is to consult and discuss with employees those matters likely to affect employees' interests.

The company's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Arrangements are made, whenever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

Statement of disclosure of information to auditors

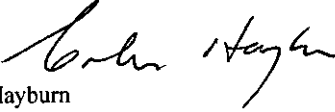
So far as each of the directors in office at the date of approval of these financial statements is aware:

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

Auditors

The auditors, PricewaterhouseCoopers LLP, having succeeded Deloitte & Touche LLP during the period, have indicated their willingness to continue in office, and a resolution concerning their re appointment will be proposed at the Annual General Meeting

By order of the Board


C Hayburn
Secretary

02 April 2007

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 financial statements in accordance with International Reporting Standards (IFRSs) as adopted by the European Union. The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state that the financial statements comply with IFRSs as adopted by the European Union,
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary

The directors confirm that they have complied with the above requirements in preparing the financial statements

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the Board



C Hayburn
Secretary

02 April 2007

Independent auditors' report to the members of Almac Sciences (Scotland) Limited

We have audited the financial statements of Almac Sciences (Scotland) Limited for the year ended 30 September 2006, which comprise the income statement, the statement of changes in shareholders' equity, the balance sheet, the cash flow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and International Financial Reporting Standards as adopted by the European Union are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with the relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We report to you whether in our opinion the information given in the directors' report is consistent with the financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

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

Basis of audit opinion

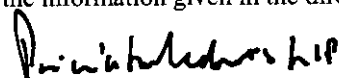
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with International Financial Reporting Standards as adopted by the European Union, of the state of the company's affairs as at 30 September 2006 and of its loss and cash flows for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985 and
- the information given in the directors' report is consistent with the financial statements.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Belfast
15 May 2007

Income Statement for the year ended 30 September 2006

	Notes	2006 £	2005 £
Continuing operations			
Revenue	2	919,126	587,108
Cost of sales		(824,323)	(570,381)
Gross profit		94,803	16,727
Administrative expenses		(273,162)	(43,117)
Research and development		(356,061)	(250,000)
Operating loss		(534,420)	(276,390)
Analysed as:			
EBITDA		(473,425)	(242,485)
Depreciation of tangible assets		(60,995)	(33,905)
Finance costs	4	(10,293)	
Finance income	4		1,095
Finance costs – net	4	(10,293)	1,095
Loss before taxation	5	(544,713)	(275,295)
Taxation	7	656	47,163
Loss for the year attributable to equity shareholders		(544,057)	(228,132)

Statement of changes in shareholders' equity

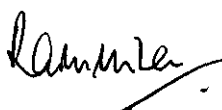
	Share capital £	Share premium £	Retained earnings £	Total equity £
At 1 October 2004	536,025	908,869	(1,416,385)	28,509
Net loss			(228,132)	(228,132)
At 30 September 2005	536,025	908,869	(1,644,517)	(199,623)
Net loss			(544,057)	(544,057)
At 30 September 2006	536,025	908,869	(2,188,574)	(743,680)

Balance sheet at 30 September 2006

	Notes	2006 £	2005 £
Assets			
Non current assets			
Property, plant and equipment	8	648,544	229,101
Total non-current assets		648,544	299,101
Current assets			
Trade and other receivables	9	113,624	195,015
Current tax asset	10		47,163
Cash and cash equivalents	11	161,234	114,431
Total current assets		274,858	356,609
Total assets		923,402	655,710
Liabilities			
Current Liabilities			
Borrowings	13	32,578	282,779
Trade and other payables	12	1,463,759	316,580
Total current liabilities		1,496,337	599,359
Non current liabilities			
Borrowings	13	102,239	120,554
Other non-current liabilities	15		58,775
Deferred income	17	68,506	76,645
Total non current liabilities		170,745	255,974
Total liabilities		1,667,082	855,333
Shareholders' equity			
Ordinary shares	18	536,025	536,025
Share premium account	19	908,869	908,869
Retained earnings		(2,188,574)	(1,644,517)
Total shareholders' equity		(743,680)	(199,623)
Total equity and liabilities		923,402	655,710

The financial statements on pages 6 to 21 were approved by the board on 02 April 2007 and were signed on its behalf by

RA Milliken



R Ramage



Directors

**Cash flow statement
for the year ended 30 September 2006**

	Notes	2006 £	2005 £
Cash flows from operating activities			
Cash generated from operations	20	688,231	78,284
Interest received			1,095
Interest paid		(10,293)	
Tax received		47,819	
Net cash from operating activities		725,757	79,379
Cash flows from investing activities			
Purchase of property, plant and equipment		(410,438)	(143,414)
Net cash used in investing activities		(410,438)	(143,414)
Cash flows from financing activities			
Advance from related party			18,333
Repayment of borrowings		(268,516)	
Net cash (used in)/from financing activities		(268,516)	18,333
Net increase/(decrease) in cash and cash equivalents		46,803	(45,702)
Cash and cash equivalents at 1 October		114,431	160,133
Cash and cash equivalents at 30 September	11	161,234	114,431

Notes to the financial statements for the year ended 30 September 2006

1 Accounting policies

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.

Accounting standards

At the date of authorisation of these accounts, the following standards, amendments and interpretations, which have not been applied in these accounts, were in issue but not yet effective. The company does not anticipate that the adoption of these standards and interpretations will have a material impact on the company's financial statements on adoption.

- Effective for accounting periods beginning on or after 1 January 2006
 - IAS 19 (Amendment), Employee Benefits
 - IAS 21 (Amendment), Net investment in a foreign operation
 - IAS 39 (Amendment), The fair value option
 - IAS 39 (Amendment) and IFRS 4 (Amendment), Financial guarantee contracts
 - IFRS 1 (Amendment), First time adoption of IFRS and IFRS 6 (Amendment), Exploration for and valuation of mineral resources
 - IFRIC 4 Determining whether an arrangement contains a lease
 - IFRIC 5 Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds
 - IFRIC 6 Liabilities arising from participating in a specific market – waste electrical and electronic equipment
- Effective for accounting periods beginning on or after 1 March 2006
 - IFRIC 7, Applying the restatement approach under IAS 29, Financial reporting in hyperinflationary economies
- Effective for accounting periods beginning on or after 1 May 2006
 - IFRIC 8, Scope of IFRS 2
- Effective for accounting periods beginning on or after 1 June 2006
 - IFRIC 9, Reassessment of embedded derivatives
- Effective for accounting periods beginning on or after 1 November 2006
 - IFRIC 10, Interim Financial Reporting and Impairment
- Effective for accounting periods beginning on or after 1 January 2007
 - IFRS 7, Financial instruments disclosures
- Effective for accounting periods beginning on or after 1 March 2007
 - IFRIC 11, IFRS 2 – Group and treasury share transactions
- Effective for accounting periods beginning on or after 1 January 2008
 - IFRIC 12, Service concession arrangements

Basis of preparation

For all periods up to and including the year ended 30 September 2005, the company prepared their annual report and accounts in accordance with UK GAAP. For the year ended 30 September 2006, the accounts have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and applied in accordance with the provisions of the Companies Act 1985.

The disclosures required by IFRS1 “First time adoption of International Financial Reporting Standards” concerning the transition from UK GAAP to IFRS are given in note 27.

These financial statements have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations and with those parts of the Companies Act, 1985 applicable to companies reporting under IFRS. These financial statements have been prepared under the historical cost convention. A summary of the more important accounting policies is set out below, together with an explanation of where changes have been made to previous policies on the adoption of new accounting standards in the year.

1 Accounting policies (continued)

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, events or actions, actual results ultimately may differ from these estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below.

Intangibles

Software costs

The costs of acquiring computer software are capitalised and amortised on a straight line basis over the estimated useful economic life of the software which is between three to five years. Costs include direct labour relating to software development and an appropriate portion of directly attributable overheads.

Property, plant and equipment

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

	%
Long term leasehold buildings	10
Plant and machinery	10
Fixtures and fittings	20

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognised within other (losses)/gains – net, in the income statement.

Trade receivables

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

Cash and cash equivalents

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

Trade payables

Trade payables are not interest bearing and are stated at their nominal value.

Borrowings

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

1 Accounting policies (continued)**Leased assets**

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

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profit and its results as stated in the financial statements. Deferred tax assets and liabilities recognised have not been discounted.

Capital grants

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

Revenue grants

Revenue grants relating to research and development expenditure are credited to the income statement in the year of receipt. Employment grants are credited in the year in which the expenditure is incurred.

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

Revenue recognition

Revenue is the amount derived from the provision of services after deduction of value added tax. Revenue is recognised on completion of performance of service.

Foreign currency translation

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

All assets and liabilities denominated in foreign currency are translated at the rate of exchange ruling at the balance sheet date and the resulting gain/loss is taken to the income statement. All other exchange differences are taken to the income statement.

Pension costs

The company operates a defined contribution scheme for employees whereby the assets of the scheme are held separately from those of the company in an independently administered scheme. Contributions are charged to the income statement in the year to which they relate.

1 Accounting policies (continued)**Critical accounting estimates and judgements**

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below. During the period ended 30 September 2006, there were no critical judgements in relation to the application of the company's accounting policies.

Income taxes

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

2 Analysis of revenue

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

3 Financial risk management**Financial risk factors**

The company's operations expose it to a variety of financial risks that include the effects of changes in market prices, credit risk and foreign exchange risk. Liquidity risk and interest rate risk have not been of concern where operations have been largely funded by interest free shareholder loans. Interest bearing assets consist of short term bank deposits. Interest bearing liabilities consist primarily of bank overdrafts. The company has in place a risk management 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.

Foreign exchange risk

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

Credit risk

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

4 Finance costs net

	2006 £	2005 £
Interest expense		
Interest payable on bank borrowings	(8,699)	
Other finance costs	(1,594)	
Finance costs	(10,293)	
Interest income		
Interest on bank deposits		1,095
Finance income		1,095
Finance cost – net	(10,293)	1,095

5 Loss before taxation

	2006 £	2005 £
The following items have been included in arriving at operating loss		
Staff costs (Note 6)	542,447	443,120
Depreciation of property, plant and equipment		
– owned assets	60,995	33,905
Repairs and maintenance expenditure on property, plant and equipment	11,134	6,041
Research and development expenditure	356,061	250,000
Trade receivables impairment	7,000	
Other operating lease rentals	93,317	72,705
Transfer from capital grant reserve	(8,139)	(4,747)

Services provided by the auditors and network firms

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

	2006 £	2005 £
Audit services		
Statutory audit	3,000	3,000
Tax services		
Compliance services	1,000	1,000

6 Employees and directors

	2006 £	2005 £
Staff costs during the year		
Wages and salaries	480,097	376,761
Social security costs	49,784	47,631
Other pension costs	12,566	18,728
	542,447	443,120

6 Employees and directors (continued)

	2006 Number	2005 Number
Average monthly number of persons employed (including directors) during the year by activity		
Administration	2	2
Other	12	9
	14	11

	2006 £	2005 £
Key management compensation		
Salaries and short term employee benefits	77,196	66,950
Post – employment benefits		
	77,196	66,950

The key management figures given above include directors

	2006 £	2005 £
Directors		
Aggregate emoluments	69,000	66,950
Company pension contributions to money purchase schemes		

No directors (2005 Nil) have retirement benefits accruing under a money purchase scheme

7 Taxation

	2006 £	2005 £
Current tax		
Adjustment to previous years	(656)	(47,163)
	(656)	(47,163)
Deferred tax		
Continuing operations		
Taxation	(656)	(47,163)

Tax assessed for the period differs from the standard rate of corporation tax in the UK of 19%. The differences are explained below

	2006 £	2005 £
Loss on ordinary activities before tax	(544,713)	(275,295)
Loss on ordinary activities before tax at the UK standard rate of 19%	(103,495)	(52,306)
Effects of		
Expenses not deductible for tax purposes	5,498	689
Research and development tax credits	(38,968)	
Deferred tax asset not recognised	138,511	51,617
Capital grants not taxable	(1,546)	
Prior period adjustment	(656)	(47,163)
Total taxation (continuing operations)	(656)	(47,163)

8 Property, plant and equipment

	Long leasehold land and buildings £	Plant and machinery £	Fixtures, fittings and equipment £	Total £
Cost				
At 1 October 2005	207,961	447,284	35,803	691,048
Additions		407,959	2,479	410,438
At 30 September 2006	207,961	855,243	38,282	1,101,486
Accumulated depreciation				
At 1 October 2005	74,519	286,637	30,791	391,947
Charge for the year	20,796	38,706	1,493	60,995
At 30 September 2006	95,315	325,343	32,284	452,942
Net book value				
At 30 September 2006	112,646	529,900	5,998	648,544

8 Property, plant and equipment (continued)

	Long leasehold land and buildings £	Plant and machinery £	Fixtures, fittings and equipment £	Total £
Cost				
At 1 October 2004	207,961	305,058	34,615	547,634
Additions		142,226	1,188	143,414
At 30 September 2005	207,961	447,284	35,803	691,048
Accumulated depreciation				
At 1 October 2004	53,723	274,739	29,580	358,042
Charge for the year	20,796	11,898	1,211	33,905
At 30 September 2005	74,519	286,637	30,791	391,947
Net book value				
At 30 September 2005	133,442	160,647	5,012	299,101

9 Trade and other receivables

	2006 £	2005 £
Amounts falling due within one year.		
Trade debtors	140,091	179,817
Less Provision for impairment of receivables	(32,540)	(25,540)
Trade debtors (net)	107,551	154,277
Other debtors	6,073	
Prepayments and accrued income		40,738
	113,624	195,015

The estimated fair values of trade and other receivables are the discounted amount of the estimated future cash flows expected to be recovered and approximate to their carrying amounts

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

	2006 £	2005 £
Currency		
UK Pound	113,624	195,015

9 Trade and other receivables (continued)

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

	2006	2005
	£	£
At 1 October	25,540	25,540
Provision for receivables impairment	7,000	
At 30 September	32,540	25,540

10 Current tax asset

	2006	2005
	£	£
Current tax asset		47,163

11 Cash and cash equivalents

	2006	2005
	£	£
Cash and cash equivalents		
Cash at bank and in hand	161,234	114,431

12 Trade and other payables current

	2006	2005
	£	£
Trade payables	1,315,552	265,552
Other tax and social security		29,219
Other creditors	2,599	9,029
Accruals	145,608	12,780
	1,463,759	316,580

13 Financial liabilities Borrowings

	2006	2005
	£	£
Current		
Other loans (a)	32,578	47,779
Amounts owed to directors		235,000
	32,578	282,779

	2006	2005
	£	£
Non current		
Other loans (a)	102,239	120,554

(a) The loan is repayable on an installment basis. Interest is charged at a rate of 8.0%. The loan is secured by way of a floating charge of the assets of the company.

The fair values of non current borrowings are as follows

	2006	2005
	£	£
Non current		
Other loans (a)	102,239	120,554

The carrying amounts of the company's borrowings are denominated in the following currencies

	2006	2005
	£	£
Currency		
UK pound	134,817	403,333

14 Deferred tax

Deferred tax is calculated on temporary differences under the liability method using a tax rate of 19% (2005: 19%).

The movement on the deferred tax account is as shown below

	2006	2005
	£	£
Deferred taxation asset not recognised comprises:		
Accelerated capital allowances	2,763	(3,960)
Trading losses carried forward	453,704	327,112
Provisions	16,428	11,232
	472,895	334,384

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.

15 Other non-current liabilities

	2006 £	2005 £
Accruals		58,775

16 Financial instruments

Maturity of financial liabilities

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

	Other Debt £	2006 Total £	Other Debt £	2005 Total £
In more than one year but not more than two years	32,578	32,578	32,323	32,323
In more than two years but not more than five years	69,661	69,661	88,231	88,231
	102,239	102,239	120,554	120,554

17 Deferred income

	Government grants £
At 1 October 2005	76,645
Released to income statement	(8,139)
At 30 September 2006	68,506

18 Called up share capital

Authorised	2006 £	2005 £
10,720,500 ordinary shares of £0.05 each	536,025	536,025

Issued and fully paid	2006 £	2005 £
Ordinary shares of £0.05 each		
At 1 October and 30 September	536,025	536,025

19 Share premium account

	£
At 1 October 2004 and 30 September 2005	908,869
At 1 October 2005 and 30 September 2006	908,869

20 Cash flows from operating activities

Reconciliation of operating loss to net cash inflow from operating activities

Cash generated from operations

	2006 £	2005 £
Net loss	(544,057)	(228,132)
Adjustment for		
Taxation	(656)	(47,163)
Depreciation charge	60,995	33,905
Release of capital grant	(8,139)	(4,747)
Interest receivable		(1,095)
Interest expense	10,293	
Decrease/(Increase) in trade and other receivables	81,391	(56,845)
Increase in payables	1,088,404	382,361
Net cash inflow from operating activities	688,231	78,284

21 Pension commitments

The company operates a defined contribution scheme for employees whereby the assets of the scheme are held separately from those of the company in an independently administered scheme

Pension costs for the defined contribution scheme are as follows

	2006 £	2005 £
Defined contribution scheme	12,566	18,728

22 Capital and other financial commitments

	2006 £	2005 £
Contracts placed for future capital expenditure not provided in the financial statements		

23 Operating lease commitments minimum lease payments

	2006 £	2005 £
Commitments under non cancellable operating leases expiring		
Within one year	21,252	
Later than one year and less than five years		93,252
After five years		
	21,252	93,252

24 Ultimate controlling party and related party transactions

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

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

	2006 £	2005 £
Purchases from related parties	478,047	
Amounts owed to related parties	1,253,887	193,525
Amounts owed to directors		235,000

25 General information

The financial statements were authorized for issue by the Board of Directors on 02 April 2007

26 Reconciliation of net liabilities and loss under UK GAAP to IFRS

Explanation of reconciling items between UK GAAP and IFRS

There have no changes to the previously reported results upon transition to IFRS