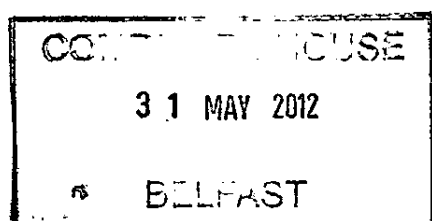


Almac Sciences (Scotland) Limited
Annual report and financial statements
for the year ended 30 September 2011



THURSDAY



JNI *J1A2AFNT* #58
31/05/2012
COMPANIES HOUSE

Almac Sciences (Scotland) Limited

Annual report and financial statements for the year ended 30 September 2011

Contents

	Pages
Directors and advisers	1
Directors' report	2 - 3
Statement of directors' responsibilities	4
Independent auditors' report	5
Income statement	6
Statement of changes in equity	7
Balance sheet	8
Cash flow statement	9
Notes to the financial statements	10 – 27

Directors and advisers

Directors

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

Company secretary

C Hayburn

Registered office

4th Floor
Saltire Court
20 Castle Terrace
Edinburgh
Lothian
EH1 2EN

Solicitors

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

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 2011

The directors present their annual report and the audited financial statements of the company for the year ended 30 September 2011.

Principal activity

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

The principal activity of the company is scientific research.

Financial risk management

The company operates within the competitive conditions of its market place. Regarding credit risk, it is standard company policy to perform appropriate credit checks on all potential customers before contracts are entered into. Further commentary is provided in note 3.

Results and dividends

The loss after income tax for the financial year is £986,119 (2010: £543,791). The directors do not recommend payment of a dividend (2010: £nil).

Directors

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

Going concern

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

Research and development

The company is committed to research and development in the area of drug discovery. Research in the year totalled £429,801 (2010: £213,247) and was expensed as incurred. No development expenditure was incurred in the year (2010: £nil).

Political and charitable donations

No donations for charitable or political purposes were made during the year (2010: £nil).

Employees

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

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

Directors' report for the year ended 30 September 2011

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.

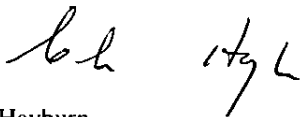
Independent auditors

The independent 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.

Small companies' exemption

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

By order of the Board



C Hayburn
Company secretary
20 January 2012

Statement of directors' responsibilities

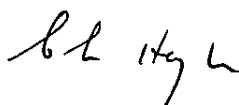
The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

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

By order of the Board



C Hayburn
Company secretary
20 January 2012

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 2011 which comprise the Income statement, Statement of changes in equity, Balance sheet, Cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Respective responsibilities of directors and auditors

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

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2011 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

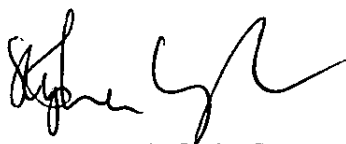
Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies' exemption in preparing the Directors' report.



Stephen Curragh (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Belfast
20 January 2012

Income statement for the year ended 30 September 2011

	Not e	2011 £	2010 £
Continuing operations			
Revenue	2	913,149	1,439,688
Cost of sales	6	(800,300)	(886,426)
Gross profit		112,849	553,262
Administrative expenses	6	(666,926)	(880,370)
Research and development expenditure	6	(429,801)	(213,247)
Operating loss		(983,878)	(540,355)
Operating loss as analysed as:			
Operating loss before depreciation, amortisation and R & D ("EBITDA")		(374,770)	(243,705)
Depreciation of property, plant and equipment		(177,655)	(82,876)
Amortisation of intangible assets		(1,652)	(527)
Research and development expenditure ("R & D")		(429,801)	(213,247)
Finance costs	5	(2,249)	(3,448)
Finance income	5	8	12
Finance costs – net	5	(2,241)	(3,436)
Loss before income tax		(986,119)	(543,791)
Income tax expense	8	-	-
Loss for the year attributable to owners of the company		(986,119)	(543,791)

The notes on pages 10 to 27 are an integral part of these financial statements.

There is no other comprehensive income for the year (2010: £nil).

Statement of changes in equity for the year ended 30 September 2011

	Share capital £	Share premium account £	Retained earnings £	Total equity £
At 1 October 2009	1,036,025	908,869	(4,522,673)	(2,577,779)
Loss for the year and total comprehensive expense	-	-	(543,791)	(543,791)
At 1 October 2010	1,036,025	908,869	(5,066,464)	(3,121,570)
Loss for the year and total comprehensive expense	-	-	(986,119)	(986,119)
At 30 September 2011	1,036,025	908,869	(6,052,583)	(4,107,689)

The notes on pages 10 to 27 are an integral part of these financial statements.

Balance sheet as at 30 September 2011

	Note	2011 £	2010 £
Assets			
Non-current assets			
Intangible assets	9	6,211	3,074
Property, plant and equipment	10	502,786	677,601
Total non-current assets		508,997	680,675
Current assets			
Trade and other receivables	11	96,588	218,037
Cash and cash equivalents	12	51,163	159,070
Total current assets		147,751	377,107
Total assets		656,748	1,057,782
Liabilities			
Current liabilities			
Borrowings	15	1,184,719	779,719
Trade and other payables	13	3,444,766	3,220,394
Total current liabilities		4,629,485	4,000,113
Non-current liabilities			
Borrowings	15	5,000	20,000
Other non-current liabilities	14	57,907	75,186
Deferred income	17	72,045	84,053
Total non-current liabilities		134,952	179,239
Total liabilities		4,764,437	4,179,352
Equity			
Capital and reserves attributable to owners of the company			
Share capital	18	1,036,025	1,036,025
Share premium account		908,869	908,869
Retained earnings		(6,052,583)	(5,066,464)
Total equity		(4,107,689)	(3,121,570)
Total equity and liabilities		656,748	1,057,782

The notes on pages 10 to 27 are an integral part of these financial statements.

The financial statements on pages 6 to 27 were authorised for issue by the Board of directors on 20 January 2012 and were signed on their behalf by:



A D Armstrong (Director)



S Campbell (Director)

Cash flow statement for the year ended 30 September 2011

	Note	2011 £	2010 £
Cash flows from operating activities			
Cash (used in)/generated from operations	19	(488,037)	60,662
Finance costs		(2,249)	(3,448)
Net cash (used in)/generated from operating activities		(490,286)	57,214
Cash flows from investing activities			
Purchase of property, plant and equipment		(2,840)	(9,150)
Purchase of intangible assets		(4,789)	(1,312)
Finance income		8	12
Net cash used in investing activities		(7,621)	(10,450)
Cash flows from financing activities			
Increase/(repayment) of borrowings		390,000	(15,000)
Net cash generated from/(used in) financing activities		390,000	(15,000)
Net (decrease)/increase in cash and cash equivalents		(107,907)	31,764
Cash and cash equivalents at beginning of the year		159,070	127,306
Cash and cash equivalents at end of the year	12	51,163	159,070

The notes on pages 10 to 27 are an integral part of these financial statements.

Notes to the financial statements for the year ended 30 September 2011**1 Accounting policies****General information**

The company's principal activity during the year was as described in the Directors' report. The financial statements are presented in UK pound sterling. Almac Sciences (Scotland) Limited is a private limited company incorporated and domiciled in Scotland. The company's registered address is detailed on page 1.

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

Basis of preparation

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

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

New standards, amendments and interpretations effective in the year to 30 September 2011

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

		Effective date
International Accounting Standards (IASs/IFRSs)		
IFRS 1 (amendment)	First time adoption of IFRS: Additional exemptions	1 January 2010
IFRS 1 (amendment)	First time adoption of IFRS: Financial instrument disclosures	1 July 2010
IFRS 2 (amendment)	Share based payments: Group cash-settled share-based payment transactions	1 January 2010
IAS 32 (amendment)	Financial instruments: Presentation	1 February 2010
International Financial Reporting Interpretation Committee (IFRIC) Interpretations		
IFRIC 18	Transfer of assets from customers	31 October 2009
IFRIC 19	Extinguishing financial liabilities with equity instruments	1 July 2010

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

Notes to the financial statements for the year ended 30 September 2011

1 Accounting policies (continued)

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

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

		Effective date
International Accounting Standards (IASs/IFRSs)		
IAS 1 (amendment)*	Financial statement presentation	1 July 2012
IAS 12 (amendment)*	Income taxes	1 January 2012
IAS 19 (revised)*	Employee benefits	1 January 2013
IAS 24 (amendment)	Related party disclosures	1 January 2011
IAS 27 (revised 2011)*	Separate financial statements	1 January 2013
IAS 28 (revised 2011)*	Investments in associates and joint ventures	1 January 2013
IFRS 1 (amendment)*	First time adoption	1 July 2011
IFRS 7 (amendment)*	Financial instruments – Disclosures on derecognition	1 July 2011
IFRS 9*	Financial instruments – Classification and measurement	1 January 2013
IFRS 10*	Consolidated financial statements	1 January 2013
IFRS 11*	Joint arrangements	1 January 2013
IFRS 12*	Disclosures of interests in other entities	1 January 2013
IFRS 13*	Fair value measurement	1 January 2013
International Financial Reporting Interpretation Committee (IFRIC) Interpretations		
IFRIC 14	IAS 19 – Prepayments of a minimum funding requirement	1 January 2011

* - not yet adopted by the EU

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

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch, subject to endorsement by the EU.

IFRS 12, 'Disclosures of interests in other entities' includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The company is yet to assess IFRS 12's full impact and intends to adopt IFRS 12 no later than the accounting period beginning on or after 1 January 2013, subject to endorsement by the EU.

IFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The company is yet to assess IFRS 13's full impact and intends to adopt IFRS 13 no later than the accounting period beginning on or after 1 January 2013, subject to endorsement by the EU.

Notes to the financial statements for the year ended 30 September 2011**1 Accounting policies (continued)****Intangible assets***Computer software*

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

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

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

Property, plant and equipment

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

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

	%
Long leasehold buildings	- 10
Plant and machinery	- 10
Fixtures, fittings and equipment	- 20

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

Financial assets

The company classifies all its financial assets as loans and receivables or cash and cash equivalents.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The company's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the balance sheet.

Impairment of financial assets

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

Notes to the financial statements for the year ended 30 September 2011**1 Accounting policies (continued)****Impairment of financial assets (continued)**

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

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

Trade and other payables

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

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

Borrowings

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

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

Leased assets

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

The company leases certain property, plant and equipment. Leases of property, plant and equipment where the company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease'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 is 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 2011**1 Accounting policies (continued)****Current and deferred income tax**

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

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

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

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

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

Grants

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

Share capital

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

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, as described above, are met.

Revenue recognition

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

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

Notes to the financial statements for the year ended 30 September 2011

1 Accounting policies (continued)

Foreign currency translation

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

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

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

Pension obligations

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

Share-based payments

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

2 Revenue

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

3 Financial risk management

Financial risk factors

The company's operations expose it to a variety of financial risks that include the effects of changes in foreign exchange risk, credit risk and liquidity risk. The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company by monitoring the foregoing risks.

(a) Foreign exchange risk

While the greater part of the company's revenues and expenses are denominated in UK pound sterling, the company is exposed to foreign exchange risk in the normal course of business. While the company has not used financial instruments to date to hedge foreign exchange exposure, this position is kept constantly under review. If the US dollar had weakened/strengthened by 10% against the UK pound sterling spot rate on 30 September with all other variables held constant, the financial statements would have been impacted as follows:

	2011		2010	
	Impact on post-tax losses £'000	Impact on equity £'000	Impact on post-tax losses £'000	Impact on equity £'000
US dollar weakens by 10% against UK pound	(17)	(17)	+7	+7
US dollar strengthens by 10% against UK pound	+21	+21	(7)	(7)

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

Notes to the financial statements for the year ended 30 September 2011

3 Financial risk management (continued)

(b) Credit risk

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

(c) Liquidity risk

The company projects cash flow requirements as part of its annual budget setting process. Cash requirements are monitored dynamically by the company. As a result of its activities, the company is a net consumer of cash and combines related party funding with external sources to ensure that sufficient liquidity is maintained to allow continuous operation.

4 Capital risk management

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

5 Finance costs - net

	2011 £	2010 £
Interest expense:		
Interest payable to related parties	(2,249)	(3,448)
Finance costs	(2,249)	(3,448)
Interest income:		
Interest receivable	8	12
Finance income	8	12
Finance costs - net	(2,241)	(3,436)

Notes to the financial statements for the year ended 30 September 2011

6 Expenses by nature

	2011	2010
	£	£
Employee benefits expense (note 7)	770,391	736,557
Depreciation and amortisation	179,307	83,403
Operating lease payments	80,923	87,558
Research and development expenditure	429,801	213,247
Revenue grants	-	(214,652)
Transfer from capital grant reserve	(12,008)	(12,009)
Other expenses	448,613	1,085,939
Total cost of sales, administrative expenses and research and development expenditure	1,897,027	1,980,043

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:

	2011	2010
	£	£
Fees payable to the company's auditor for the audit	3,400	3,250
Fees payable to company's auditor for other services:		
- tax services	1,500	1,500

7 Employees and directors

	2011	2010
	£	£
Staff costs during the year:		
Wages and salaries	668,429	612,390
Social security costs	63,472	57,114
Pension costs – defined contribution schemes	28,054	31,041
Share based payment costs	10,436	36,012
	770,391	736,557
	2011	2010
	Number	Number
Average monthly number of persons employed (including directors) during the year by activity:		
Administration	1	1
Other	21	21
	22	22

There were no key members of management during the year or the previous year other than the directors.

No directors (2010: nil) have retirement benefits accruing under a defined contribution plan nor were remunerated during the year (2010: nil).

Notes to the financial statements for the year ended 30 September 2011

8 Income tax expense

	2011	2010
	£	£
Current tax	-	-
Deferred tax		
Adjustments in respect of prior period	117,348	-
Changes in tax rates and laws	(117,348)	-
Total deferred tax	-	-
Income tax expense	-	-

The standard rate of corporation tax in the UK changed from 28% to 26% with effect from 1 April 2011. Accordingly, the company's losses in this accounting period are taxed at an effective rate of 27% and will be taxed at 26% in the future.

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

	2011	2010
	£	£
Loss before income tax	(986,119)	(543,791)
Loss before income tax at the UK standard rate of 27% (2010: 28%)	(266,252)	(152,261)
Effects of:		
Expenses not deductible for tax purposes	1,960	13,234
Income not subject to tax	(302)	-
Change in tax laws and rates	139,240	6,120
Adjustments in respect of prior period	(117,348)	-
Research and development tax credits	(28,083)	(28,949)
Deferred tax asset not recognised	274,027	165,219
Capital grants not taxable	(3,242)	(3,363)
Income tax expense	-	-

Factors affecting future tax charges:

In addition to the changes in rates of Corporation tax disclosed within the note on taxation a number of further changes to the UK Corporation tax system were announced in the March 2011 UK Budget Statement. Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 23% by 1 April 2014. These further changes had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements.

The proposed reductions of the main rate of corporation tax by 1% per year to 23% by 1 April 2014 are expected to be enacted separately each year.

Notes to the financial statements for the year ended 30 September 2011

9 Intangible assets

	Computer software £
Cost	
At 1 October 2009	2,447
Additions	1,312
At 1 October 2010	3,759
Additions	4,789
At 30 September 2011	8,548
Accumulated amortisation	
At 1 October 2009	158
Charge for the year	527
At 1 October 2010	685
Charge for the year	1,652
At 30 September 2011	2,337
Net book amount	
At 30 September 2011	6,211
At 30 September 2010	3,074

Amortisation is included within administrative expenses in the income statement.

Notes to the financial statements for the year ended 30 September 2011

10 Property, plant and equipment

	Long leasehold land and buildings £	Plant and machinery £	Fixtures, fittings and equipment £	Total £
Cost				
At 1 October 2009	207,961	1,240,369	57,251	1,505,581
Additions	-	629	8,521	9,150
At 1 October 2010	207,961	1,240,998	65,772	1,514,731
Transfers	-	6,941	(6,941)	-
Additions	-	2,840	-	2,840
At 30 September 2011	207,961	1,250,779	58,831	1,517,571
Accumulated depreciation				
At 1 October 2009	157,703	555,624	40,927	754,254
Charge for the year	20,796	56,560	5,520	82,876
At 1 October 2010	178,499	612,184	46,447	837,130
Charge for the year	22,530	150,343	4,782	177,655
Transfers	-	2,009	(2,009)	-
At 30 September 2011	201,029	764,536	49,220	1,014,785
Net book amount				
At 30 September 2011	6,932	486,243	9,611	502,786
At 30 September 2010	29,462	628,814	19,325	677,601

Depreciation is included within administrative expenses in the income statement.

Borrowings are secured against the above assets (note 15).

11 Trade and other receivables

	2011 £	2010 £
Trade receivables	99,087	145,640
Less: provision for impairment of trade receivables	(22,821)	(11,051)
Trade receivables (net)	76,266	134,589
Amounts owed by related parties	381	62,072
Other receivables	4,027	3,971
Prepayments and accrued income	15,914	17,405
	96,588	218,037

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

Notes to the financial statements for the year ended 30 September 2011

11 Trade and other receivables (continued)

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

	2011 £	2010 £
Currency		
UK pound	61,553	141,972
US dollar	29,324	66,569
Euro	5,711	9,496
	96,588	218,037

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 2011 was £22,821 (2010: £11,051). 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:

	2011 £	2010 £
At 1 October	11,051	6,079
Provision for receivables impairment	11,770	10,400
Receivables written off during the year as uncollectable	-	(5,428)
At 30 September	22,821	11,051

As of 30 September 2011, trade receivables of £14,324 (2010: £8,241) were past due but not impaired. These and the other trade receivables 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:

	2011 £	2010 £
Up to 2 months overdue	5,949	4,076
More than 2 months overdue	8,375	4,165
	14,324	8,241

None of these trade receivables have had their terms renegotiated.

The creation and release of provision for impaired receivables have been included in Administration expenses in the Income Statement.

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

12 Cash and cash equivalents

	2011 £	2010 £
Cash at bank and in hand	51,163	159,070

Notes to the financial statements for the year ended 30 September 2011

13 Trade and other payables

	2011	2010
	£	£
Trade payables	39,395	77,884
Amounts owed to related parties	3,270,673	2,976,669
Other tax and social security	13,933	12,824
Other creditors	-	5,327
Accruals	120,765	147,690
	3,444,766	3,220,394

The fair value of trade and other payables are not materially different from their carrying value as the impact of discounting is not significant. There is no difference between the amounts shown above and the total contractual undiscounted cash flows of trade and other payables. For the purposes of IFRS 7 "Financial instruments: Disclosures" the financial liabilities noted above are classified as other financial liabilities. The company has no liabilities that may be classified as held at fair value through profit and loss or derivatives used for hedging.

14 Other non-current liabilities

	2011	2010
	£	£
Accruals	57,907	75,186

Maturity of other non-current liabilities

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

	2011	2010
	£	£
In more than one year but not more than two years	26,386	26,307
In more than two years but not more than five years	31,521	48,879
	57,907	75,186

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

15 Borrowings

	2011	2010
	£	£
Current		
Other loans (a)	15,000	15,000
Amounts owed to related parties	1,169,719	764,719
	1,184,719	779,719
Non-current		
Other loans (a)	5,000	20,000

(a) The loan, which is due to The McClay Foundation, is repayable on an instalment basis. Interest is charged at a rate of 8.0%. The loan is secured by way of a floating charge on the assets of the company.

Notes to the financial statements for the year ended 30 September 2011

15 Borrowings (continued)

The fair value of current and non current borrowings equals their carrying amount as the impact of discounting is not significant. The fair values are based on cash flows discounted using a rate based on the borrowing rate of 4%.

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

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

Maturity of financial liabilities

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

	2011	2010
	£	£
Other loans		
In more than one year but not more than two years	5,000	15,000
In more than two years but not more than five years	-	5,000
	5,000	20,000

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

	2011	2010
	£	£
Other loans		
Less than one year	16,051	17,249
In more than one year but not more than two years	5,083	16,051
In more than two years but not more than five years	-	5,083
	21,134	38,583

16 Deferred income tax

The analysis of deferred income tax is as follows:

	2011	2010
	£	£
Deferred tax asset not recognised		
Tax losses	1,622,788	1,407,515
Accelerated capital allowances	95,768	32,468
Other temporary differences	22,325	31,396
	1,740,881	1,471,379

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. This potential deferred tax asset will be recognised when it can be regarded as more likely than not that there will be sufficient taxable profits from which the tax losses and other temporary differences can be deducted.

Notes to the financial statements for the year ended 30 September 2011

17 Deferred income

Government grants	£
At 1 October 2009	96,062
Released to income statement	(12,009)
At 1 October 2010	84,053
Released to income statement	(12,008)
At 30 September 2011	72,045

18 Share capital

	2011	2010
	£	£
Authorised		
30,720,500 ordinary shares of £0.05 each	1,536,025	1,536,025
Allotted and fully paid		
20,720,500 ordinary shares of £0.05 each	1,036,025	1,036,025

19 Cash (used in)/generated from operations

	2011	2010
	£	£
Loss before income tax	(986,119)	(543,791)
Adjustments for:		
Depreciation of property, plant and equipment	177,655	82,876
Amortisation of intangible assets	1,652	527
Release of capital grant	(12,008)	(12,009)
Finance costs	2,249	3,448
Finance income	(8)	(12)
Movement in trade and other receivables	121,449	38,379
Movement in trade and other payables	207,093	491,244
Net cash (used in)/generated from operations	(488,037)	60,662

Notes to the financial statements for the year ended 30 September 2011
20 Pension commitments

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

Pension costs for the defined contribution scheme are as follows:

	2011	2010
	£	£
Defined contribution scheme	28,054	31,041

Amounts owed to the pension scheme as at 30 September 2011 totalled £5,225 (2010: £5,234).

21 Capital and other financial commitments

	2011	2010
	£	£
Contracts placed for future property, plant and equipment expenditure not provided in the financial statements	-	-

22 Operating lease commitments - minimum lease payments

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

	Fixtures and fittings		Buildings	
	2011	2010	2011	2010
	£	£	£	£
No later than one year	1,228	-	82,670	82,670
Later than one year and no later than five years	3,070	-	-	82,670
	4,298	-	82,670	165,340

23 Share based payments

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

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

Notes to the financial statements for the year ended 30 September 2011
23 Share based payments (continued)

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

Grant date	September 2011	September 2010
Share price at grant date	£0.604	£0.545
Exercise price at grant date	-	-
Number of employees	2	2
Share awards	36,474	38,388
Vesting period (years)	4	4
Option life (years)	4	4
Expected life (years)	4	4
Dividend yield	Nil	Nil
Risk free interest rate	5.0%	5.0%
Fair value	£0.604	£0.545

The weighted average fair value of share awards granted during the year determined using the Black-Scholes valuation model was £0.604 (2010: £0.545). 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:

	2011	2010
	Number	Number
Outstanding at 1 October	168,596	188,942
Granted	36,474	38,388
Forfeited	(14,867)	-
Exercised	(72,925)	(58,734)
Outstanding at 30 September	117,278	168,596
Exercisable on 1 January 2012/2011	42,416	72,925

The weighted average share price of share awards exercised in the year was £0.604 (2010: £0.545).

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

	2011	2010
	Number	Number
2011	-	87,792
2012	42,416	42,416
2013	38,388	38,388
2014	36,474	-

The total expense recognised in the income statement was £10,436 (2010: £36,012). The year end liability is £70,836 (2010: £91,885).

Notes to the financial statements for the year ended 30 September 2011**24 Ultimate controlling party and related party transactions**

At the balance sheet date, the ultimate controlling parties are the executors of the Estate of Dr. Sir Allen McClay. Dr. Sir Allen McClay passed away on 12 January 2010. The grant of probate has been issued and pending the administration of the Estate of Dr. Sir Allen McClay, his shareholding is controlled by the executors of his will.

Related parties consist of other Almac Group companies in the United States of America and the United Kingdom.

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

	2011 £	2010 £
Sales to related parties	68,212	110,224
Purchases from related parties	24,523	653,136

Details of amounts owed by and to related parties are disclosed in notes 11, 13 and 15 respectively. Details of interest payable and receivable on balances held with related parties are disclosed in note 5.