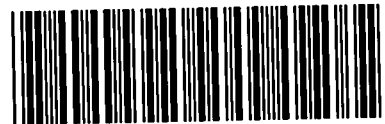


Almac Sciences (Scotland) Limited
Annual report and financial statements
for the year ended 30 September 2016

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Almac Sciences (Scotland) Limited

Annual report and financial statements for the year ended 30 September 2016

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Almac Sciences (Scotland) Limited

1

Directors and advisers

Directors

A D Armstrong
S A Barr
C Hayburn
J W Irvine (resigned 22 August 2016)
S Campbell
K Stephens

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

Danske Bank
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 2016

The directors present their annual report and the audited financial statements of the company for the year ended 30 September 2016.

Principal activities

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 the provision of custom chemical synthesis services.

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 profit for the financial year attributable to owners of the company is £243,715 (2015 loss: £311,629). The directors do not recommend payment of a dividend (2015: £nil).

Directors

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

Going concern

The directors have prepared cash flow forecasts for a period of at least twelve months from the date of signing of this report and confirm that adequate funding has been committed by Almac Group Limited the Company's ultimate parent, to support the company's operations and planned growth over this period. The directors have received confirmation that Almac Group Limited intend to support the company for at least one year after these financial statements are signed. 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 on behalf of third parties. Research carried out in the year was expensed as incurred. No development expenditure was incurred in the year (2015: £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 2016

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. The company has also availed of the small companies exemption in respect of the preparation of a Strategic Report.

This report was approved by the board and signed on its behalf.



K Stephens
Director

15 December 2016

Statement of directors' responsibilities

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

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

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

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

This statement was approved by the board and signed on its behalf.



K Stephens

Director

15 December 2016

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

Report on the financial statements

Our opinion

In our opinion, Almac Sciences (Scotland) Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 30 September 2016 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Annual Report and financial statements (the "Annual report") comprise:

- the Balance sheet as at 30 September 2016;
- the Income statement for the year then ended;
- the Statement of comprehensive income for the year then ended;
- the Cash flow statement for the year then ended;
- the Statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is IFRSs as adopted by the European Union and applicable law.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

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.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption in preparing the Directors' report and take advantage of the small companies exemption from preparing a Strategic report. We have no exceptions to report arising from this responsibility.

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

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

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) ("ISAs (UK & 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.

What an audit of financial statements involves

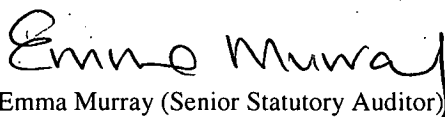
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Emma Murray (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Belfast
15 December 2016

Income statement for the year ended 30 September 2016

	Note	2016 £	2015 £
Continuing operations			
Revenue	2	1,367,046	998,124
Cost of sales	6	(915,052)	(890,265)
Gross profit		451,994	107,859
Administrative expenses	6	(365,823)	(447,655)
Operating profit/(loss)		86,171	(339,796)
Operating profit/(loss) as analysed as:			
Operating profit before depreciation, amortization and R&D ("EBITDA")		250,153	(202,524)
Depreciation of property, plant and equipment		(163,644)	(136,133)
Amortisation of intangible assets		(338)	(1,139)
Finance income	5	3,623	44
Finance costs		(952)	-
Profit/(loss) before income tax		88,842	(339,752)
Income tax credit	8	154,873	28,123
Profit/(loss) for the year attributable to owners of the company		243,715	(311,629)

The notes on pages 11 to 28 are an integral part of these financial statements.

Statement of comprehensive income for the year ended 30 September 2016

	2016 £	2015 £
Profit/(loss) for the financial year	243,715	(311,629)
Other comprehensive income		
Tax credit arising on group relief receipts in excess of tax benefit	600,605	109,063
Total comprehensive income/(expense) for the year	844,320	(202,566)

Statement of changes in equity for the year ended 30 September 2016

	Share capital £	Share premium account £	Accumulated losses £	Total equity £
At 1 October 2014	1,036,025	908,869	(6,836,913)	(4,892,019)
Loss for the financial year	-	-	(311,629)	(311,629)
Tax credit arising on group relief receipts in excess of tax benefit	-	-	109,063	109,063
At 1 October 2015	1,036,025	908,869	(7,039,479)	(5,094,585)
Profit for the financial year	-	-	243,715	243,715
Tax credit arising on group relief receipts in excess of tax benefit	-	-	600,605	600,605
At 30 September 2016	1,036,025	908,869	(6,195,159)	(4,250,265)

The notes on pages 11 to 28 are an integral part of these financial statements.

Almac Sciences (Scotland) Limited

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Balance sheet as at 30 September 2016

	Note	2016 £	2015 £
Assets			
Non-current assets			
Intangible assets	9	1,679	584
Property, plant and equipment	10	952,633	1,040,557
Deferred tax asset	16	7,786	7,786
Total non-current assets		962,098	1,048,927
Current assets			
Trade and other receivables	11	1,129,419	847,430
Cash and cash equivalents	12	31	-
Total current assets		1,129,450	847,430
Total assets		2,091,548	1,896,357
Liabilities			
Current liabilities			
Borrowings	13	3,349,719	3,349,719
Trade and other payables	14	2,829,706	3,446,782
Total current liabilities		6,179,425	6,796,501
Non-current liabilities			
Other non-current liabilities	15	150,553	170,597
Deferred income	17	11,835	23,844
Total non-current liabilities		162,388	194,441
Total liabilities		6,341,813	6,990,942
Equity attributable to owners of the company			
Share capital	18	1,036,025	1,036,025
Share premium account		908,869	908,869
Accumulated losses		(6,195,159)	(7,039,479)
Total equity		(4,250,265)	(5,094,585)
Total equity and liabilities		2,091,548	1,896,357

The notes on pages 11 to 28 are an integral part of these financial statements.

The financial statements on pages 7 to 28 were authorised for issue by the Board of directors on 15 December 2016 and were signed on their behalf by:



A D Armstrong (Director)

Almac Sciences (Scotland) Limited



S Campbell (Director)

Registered number: SC 154034

Cash flow statement for the year ended 30 September 2016

	Note	2016 £	2015 £
Cash flows from operating activities			
Cash used in from operations	19	(62,672)	(287,193)
Taxation recovered/(paid)		137,185	(1,430)
Finance costs		(952)	-
Net cash generated from/(used in) operating activities		73,561	(288,623)
Cash flows from investing activities			
Purchase of property, plant and equipment		(75,720)	(967,872)
Finance income		3,623	44
Purchase of intangible assets		(1,433)	-
Net cash used in investing activities		(73,530)	(967,828)
Cash flows from financing activities			
Net advances from group undertakings		-	1,127,806
Net cash generated from financing activities		-	1,127,806
Net increase/(decrease) in cash and cash equivalents		31	(128,645)
Cash and cash equivalents at beginning of the year		-	128,645
Cash and cash equivalents at end of the year	12	31	-

The notes on pages 11 to 28 are an integral part of these financial statements.

Notes to the financial statements for the year ended 30 September 2016

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), the Companies Act 2006 applicable to companies reporting under IFRS, and IFRIC interpretations. The financial statements have been prepared under the historical cost convention.

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

Going concern

The directors have prepared cash flow forecasts for a period of at least twelve months from the date of signing of this report and confirm that adequate funding has been committed by Almac Group Limited the Company's ultimate parent, to support the company's operations and planned growth over this period. The directors have received confirmation that Almac Group Limited intend to support the company for at least one year after these financial statements are signed. Consequently, the directors have prepared these financial statements on a going concern basis.

New standards, amendments and interpretations effective in the year to 30 September 2016

The accounting policies set out below are those that the group has adopted under International Financial Reporting Standards as adopted by the European Union for the year ended 30 September 2016.

No standards have been adopted by the group for the first time during the financial year beginning on or after 1 October 2015 that have an impact on the group:

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

The following new standards, new interpretations, and amendments to standards and interpretations that are not yet effective and have not been adopted early by the group:

Amendment to IAS 1 (Presentation of financial statements) on disclosure initiative (1 January 2016)

Amendment to IAS 7 (Statement of cash flows) on disclosure initiative (1 January 2017)

Amendment to IAS 16 (Property, plant and equipment) and IAS 41 (Biological assets) regarding bearer plants (1 January 2016)

Amendment to IAS 16 (Property, plant and equipment) and IAS 38 (Intangible assets) on clarification of acceptable methods of depreciation and amortisation (1 January 2016)

Amendment to IAS 27 (Separate financial statements) (1 January 2016)

Amendment to IFRS 10 (Consolidated financial statements) and IAS 28 (Investments in associates) on sale or contribution of assets (to be determined)

Amendment to IAS 12 on recognition of deferred tax assets for unrealised losses (1 January 2017)

IFRS 9 (Financial instruments) and amendment to IFRS 9 (Financial instruments) on general hedge accounting (1 January 2018)

Amendment to IFRS 4 'Insurance contracts' regarding the implementation of IFRS 9, 'Financial instruments' (1 January 2018)

Amendment to IFRS 10 (Consolidated financial statements) and IAS 28 (Investments in associates) on investment entities applying the consolidation exemption (1 January 2016)

Notes to the financial statements for the year ended 30 September 2016

1 Accounting policies (continued)

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

IFRS 14 (Regulatory deferral accounts) (1 January 2016)

IFRS 15 (Revenue from customers with contracts) (1 January 2018)

Amendment to IAS 15 (Revenue from customers with contracts) (1 January 2018)

IFRS 16 (Leases) (1 January 2019)

Amendment to IFRS 2 (Share-based payment) on clarifying share-based payment transactions (1 January 2018)

The introduction of these new standards, interpretations and amendments is not expected to have a material impact on the group or company.

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.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

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.

Notes to the financial statements for the year ended 30 September 2016

1 Accounting policies (continued)

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.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, 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 carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated 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. Trade payables 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.

Notes to the financial statements for the year ended 30 September 2016

1 Accounting policies (continued)

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.

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 substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

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

Grants

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

Notes to the financial statements for the year ended 30 September 2016

1 Accounting policies (continued)

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.

Research and development tax credits

Under UK tax legislation introduced in the 2013 Finance Bill research & development credits can be claimed against qualifying research & development expenditure. Where these credits are not expected to be restricted by the PAYE/NI cap included within the legislation then the credit is, in substance, a government grant. The company has elected to treat such credits as a government grant and recognise the credits in the same period as the research & development expenditure arises.

Revenue recognition

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

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

Foreign currency translation

Items included in the financial statements of each of the company's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The 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.

Notes to the financial statements for the year ended 30 September 2016

1 Accounting policies (continued)

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:

	2016		2015	
	Impact on post-tax profits £'000	Impact on equity £'000	Impact on post-tax losses £'000	Impact on equity £'000
US dollar weakens by 10% against UK pound	14	14	11	11
US dollar strengthens by 10% against UK pound	(17)	(17)	(14)	(14)

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

(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.

Financial risk factors

(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.

Notes to the financial statements for the year ended 30 September 2016

4 Capital risk management

The company is a subsidiary of Almac Group Limited, their 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 Almac Group Limited.

5 Finance income

	2016 £	2015 £
Interest income:		
Interest receivable from group undertakings	3,623	44
Finance income	3,623	44

6 Expenses by nature

	2016 £	2015 £
Raw materials and consumables used	317,462	217,604
Employee benefits expense (note 7)	454,244	537,877
Depreciation and amortisation	163,982	137,272
Operating lease payments	79,113	72,739
Transfer from capital grant reserve	(12,009)	(12,008)
Revenue grants	(34,000)	(27,493)
Other expenses*	312,083	411,929
Total cost of sales, administrative expenses and research and development expenditure	1,280,875	1,337,920

*Other expenses of £312,083 (2015: £411,929) are stated after the deduction of £93,364 (2015: £72,156) of research and development tax credits.

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:

	2016 £	2015 £
Fees payable to the company's auditor for the audit of the financial statements	3,587	3,483
Fees payable to company's auditor for other services:		
- tax services	1,500	1,545

Notes to the financial statements for the year ended 30 September 2016

7 Employees and directors

	2016 £	2015 £
Staff costs during the year:		
Wages and salaries	385,888	459,938
Social security costs	40,620	44,611
Other pension costs (note 20)	21,613	22,838
Share based payment costs (note 23)	6,123	10,490
	454,244	537,877
	2016 Number	2015 Number
Average monthly number of persons employed (including directors) during the year by activity:		
Administration	1	1
Research	12	14
	13	15

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

No directors (2015: nil) have retirement benefits accruing under a defined contribution plan nor were remunerated during the year (2015: £nil). Directors' remuneration is borne by other group companies and is disclosed for the group in Almac Group Limited financial statements.

8 Income tax credit

	2016 £	2015 £
Current tax		
Current tax on profits for the year	-	(28,123)
Adjustments in respect of prior periods	(154,873)	-
Total current tax	(154,873)	(28,123)

Notes to the financial statements for the year ended 30 September 2016

8 Income tax credit (continued)

The tax on the company's profit/(loss) before tax is equal to (2015: differs from) the theoretical amount that would arise using the weighted average tax rate applicable to losses of the company as follows:

	2016 £	2015 £
Profit/(loss) before income tax	88,842	(339,752)
Profit/(loss) before income tax at the UK standard rate of 20% (2015: 20.5%)	17,768	(69,649)
Effects of:		
Adjustments in respect of prior periods	(154,873)	-
Expenses not deductible for tax purposes	35,584	21,636
Effect of group relief/other reliefs	20,453	69,346
Deferred tax asset not recognised	(49,812)	(28,615)
Capital grants not taxable	(3,006)	(2,234)
Transfer pricing adjustment	(20,987)	(18,607)
Income tax credit	(154,873)	(28,123)

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 7 September 2016). These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

Notes to the financial statements for the year ended 30 September 2016

9 Intangible assets

	Computer software £
Cost	
At 1 October 2014	9,228
Additions	-
At October 2015	9,228
Additions	1,433
At 30 September 2016	10,661
Accumulated amortisation	
At 1 October 2014	7,505
Charge for the year	1,139
At 30 September 2015 and 1 October 2015	8,644
Charge for the year	338
At 30 September 2016	8,982
Net book amount	
At 30 September 2016	1,679
At 30 September 2015	584
At 30 September 2014	1,723

Amortisation is included within administrative expenses in the income statement.

Notes to the financial statements for the year ended 30 September 2016

10 Property, plant and equipment

	Long leasehold land and buildings £	Plant and machinery £	Fixtures, fittings and equipment £	Total £
Cost				
At 1 October 2014	207,961	1,262,182	61,071	1,531,214
Additions	-	951,161	16,711	967,872
At 1 October 2015	207,961	2,213,343	77,782	2,499,086
Additions	-	75,720	-	75,720
At 30 September 2016	207,961	2,289,063	77,782	2,574,806
Accumulated depreciation				
At 1 October 2014	207,961	1,055,388	59,047	1,322,396
Charge for the year	-	133,297	2,836	136,133
At 1 October 2015	207,961	1,188,685	61,883	1,458,529
Charge for the year	-	159,854	3,790	163,644
At 30 September 2016	207,961	1,348,539	65,673	1,622,173
Net book amount				
At 30 September 2016	-	940,524	12,109	952,633
At 30 September 2015	-	1,024,658	15,899	1,040,557
At 30 September 2014	-	206,794	2,204	208,818

Depreciation is included within administrative expenses in the income statement.

Borrowings are secured against the above assets (note 13).

11 Trade and other receivables

	2016 £	2015 £
Trade receivables	171,477	169,752
Less: provision for impairment of trade receivables	(17,240)	(11,435)
Trade receivables (net)	154,237	158,317
Amounts owed by group undertakings (note 24)	67,335	405,154
Group relief receivable (note 24)	848,842	209,342
Other receivables	2,640	6,252
Prepayments and accrued income	56,365	68,365
	1,129,419	847,430

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 2016

11 Trade and other receivables (continued)

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

	2016 £	2015 £
Currency		
UK pound	1,052,562	750,459
US dollar	35,764	40,922
Euro	41,093	56,049
	1,129,419	847,430

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 2016 was £17,240 (2015: £11,435). 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:

	2016 £	2015 £
At the beginning of the financial year	11,435	3,102
Exchange adjustment	599	-
Provision for receivables impairment	10,967	9,238
Receivables written off during the year as uncollectable	-	(905)
Unused amounts reversed	(5,761)	-
At the end of the financial year	17,240	11,435

As of 30 September 2016, trade receivables of £31,125 (2015: £36,180) 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:

	2016 £	2015 £
Up to 2 months overdue	21,773	36,180
More than 2 months overdue	9,352	-
	31,125	36,180

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.

Notes to the financial statements for the year ended 30 September 2016

12 Cash and cash equivalents

	2016	2015
	£	£
Cash at bank and in hand	31	-

13 Borrowings

	2016	2015
	£	£
Current		
Amounts owed to group undertakings (note 24)	3,349,719	3,349,719

Amounts owed to group undertakings are unsecured, interest free and have no set date of repayment.

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.

Maturity of financial liabilities

The effective interest rates at the balance sheet date were as follows:

	2016	2015
	%	%
Bank overdrafts	2.27	2.60
Variable rate loans	-	1.31

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

	2016	2015
	£	£
Less than one year	3,349,719	3,349,719

Notes to the financial statements for the year ended 30 September 2016

14 Trade and other payables

	2016	2015
	£	£
Trade payables	33,936	90,488
Amounts owed to group undertakings (note 24)	2,652,467	3,221,172
Other tax and social security	10,264	9,953
Other creditors	8,067	8,016
Accruals	124,972	117,153
	2,829,706	3,446,782

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.

15 Other non-current liabilities

	2016	2015
	£	£
Accruals	150,553	170,597

Maturity of other non-current liabilities

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

	2016	2015
	£	£
In more than one year but not more than two years	26,120	26,205
In more than two years but not more than five years	64,259	64,703
More than five year	60,174	79,689
	150,553	170,597

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

16 Deferred tax asset

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

	2016	2015
	£	£
Deferred tax recognised		
At 1 October 2015 and 30 September 2016	7,786	7,786

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:

	Losses
	£
Deferred tax assets	
At 1 October 2015 and at 30 September 2016	7,786

Notes to the financial statements for the year ended 30 September 2016

16 Deferred tax asset (continued)

The analysis of deferred tax assets is as follows:

	2016 £	2015 £
Deferred tax assets		
- to be received after more than 12 months	7,786	7,786

Deferred tax assets are recognised for the tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profit is probable.

	2016 £	2015 £
Deferred tax asset not recognised		
Tax losses	1,264,851	1,570,580
Other temporary differences	30,354	101,945
	1,295,205	1,672,525

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.

17 Deferred income

Government grants	£
At 1 October 2014	35,852
Released to the income statement	(12,008)
At 1 October 2015	23,844
Released to the income statement	(12,009)
At 30 September 2016	11,835

18 Share capital

	2016 £	2015 £
Allotted and fully paid		
20,720,500 (2015: 20,720,500) ordinary shares of £0.05 (2015: £0.05) each	1,036,025	1,036,025

Notes to the financial statements for the year ended 30 September 2016

19 Cash used in operations

	2016 £	2015 £
Profit/(loss) before income tax	88,842	(339,752)
Adjustments for:		
Depreciation of property, plant and equipment	163,644	136,133
Amortisation of intangible assets	338	1,139
Release of capital grant	(12,009)	(12,008)
Finance income	(3,623)	(44)
Finance cost	952	-
Movement in trade and other receivables	336,304	(412,339)
Movement in trade and other payables	(637,120)	339,675
Net cash used in operations	(62,672)	(287,193)

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:

	2016 £	2015 £
Defined contribution scheme	21,613	22,838

Amounts owed to the pension scheme as at 30 September 2016 totalled £4,601 (2015: £4,551).

21 Operating lease commitments - minimum lease payments

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

	Fixtures and fittings		Buildings	
	2016 £	2015 £	2016 £	2015 £
Within one year	1,090	1,090	78,023	78,023
Later than one year and no later than five years	2,452	3,542	312,092	240,571
Later than one year and no later than five years	-	-	241,022	390,566
	3,542	4,632	631,137	709,160

22 Contingent liabilities

There exists a contingent liability to repay certain capital and revenue grants received from Invest Northern Ireland (formerly the Industrial Development Board) 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.

The company is party to an unlimited intercompany cross guarantee in relation to group banking facilities in the United Kingdom.

Notes to the financial statements for the year ended 30 September 2016

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.

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

Grant date	2016	2015
Share price at grant date	£0.651	£0.587
Exercise price at grant date	-	-
Number of employees	1	1
Share awards	9,152	10,074
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	£0.651	£0.587

The weighted average fair value of share awards granted during the year determined using the Black-Scholes valuation model was £0.651 (2015: £0.587). 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:

	2016 Number	2015 Number
Outstanding at the beginning of the financial year	30,919	39,792
Granted	9,152	10,074
Exercised	(10,667)	(18,947)
Outstanding at the end of the financial year	29,404	30,919
Exercisable on 1 January 2017/2016	10,178	10,667

The weighted average share price of share awards exercised in the year was £0.651 (2015: £0.587).

Notes to the financial statements for the year ended 30 September 2016

23 Share based payments (continued)

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

	2016 Number	2015 Number
2016	-	10,667
2017	10,178	10,178
2018	10,074	10,074
2019	9,152	-
	29,404	30,919

The total expense recognised in the income statement was £6,123 (2015: £10,490). The year end liability is £19,142 (2015: £22,190).

24 Ultimate controlling party and related party transactions

The ultimate parent undertaking and the largest and smallest group of undertakings of which the company is a member and for which group financial statements are prepared is Almac Group Limited, a company incorporated in Northern Ireland. The registered office of Almac Group Limited is Almac House, 20 Seagoe Industrial Estate, Craigavon, BT63 5QD. Copies of the group financial statements are available from Companies Registry.

At the balance sheet date, the ultimate controlling parties are A D Armstrong, S Campbell, C Hayburn, and J W Irvine.

The McClay Foundation is a related party due to common directors.

Companies within Almac Group Limited are related parties of Almac Sciences (Scotland) Limited.

Transactions entered into during the year and year end balances with companies within Almac Group Limited were as follows:

	2016 £	2015 £
Sales to group undertakings	168,959	285,847
Purchases from group undertakings	(50,293)	(30,398)
Management charge	(105,370)	141,934
Interest receivable from group undertakings	3,623	44
Interest payable to group undertakings	(952)	-
Amounts owed to group undertakings	(6,002,186)	(6,570,891)
Amounts owed by group undertakings	67,335	405,154
Group relief receivable	848,842	209,342

Details of amounts owed by and to group undertakings are disclosed in notes 11, 13 and 14 respectively. Details of interest payable and receivable on balances held with group undertakings are disclosed in note 5.