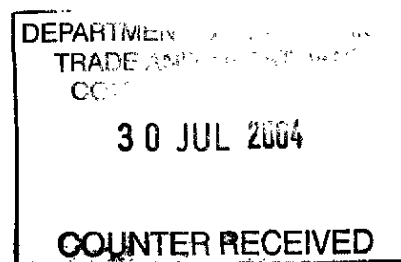




Almac Sciences Limited
Abbreviated financial statements
for the nine months ended
30 September 2003



Almac Sciences Limited

Abbreviated financial statements for the nine months ended 30 September 2003

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Directors and advisers

Executive directors

Dr A J McClay (Chairman)
AD Armstrong
S Barr
S Campbell

Non executive directors

JW Irvine
R A Milliken

Secretary

H Stevenson

Registered office

Almac House
20 Seagoe Industrial Estate
Craigavon
BT63 5QD

Solicitors

L'Estrange and Brett
Arnott House
12-16 Bridge Street
Belfast
BT1 1LS

Bankers

Bank of Ireland
43 High Street
Portadown
BT62 1HY

Registered auditors

PricewaterhouseCoopers LLP
Waterfront Plaza
8 Laganbank Road
Belfast
BT1 3LR

**Directors' report
for the nine months ended 30 September 2003**

The directors present their report and the audited financial statements for the nine months ended 30 September 2003.

Principal activities

The principal activity of the company is the provision of custom chemical synthesis services.

Review of business and future developments

During the period the company underwent significant restructuring of its operations and service capabilities which impacted on the level of business for the period. The directors are confident that in the long term this restructuring will assist the future operations of the company.

Against the background to the company's trading and funding position the directors have considered the appropriateness of the going concern basis of accounting. The directors consider the going concern basis of accounting to be appropriate on the basis of an undertaking given by the company's shareholder that he will make available funding as required to meet the company's anticipated cash requirements.

Results and dividends

The loss for the financial period is £2,436,571 (2002: £1,681,306). The directors do not recommend payment of a dividend.

Directors and their interests

The directors who served during the year are shown on page 1. The interests of the directors who held office at the end of the financial year in the shares of the company were as follows:

	Ordinary shares of £1 each Number
Dr A J McClay	18,999,999
A D Armstrong (nominee)	1

Political and charitable donations

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

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs and of the profit or loss of the company for that year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies (Northern Ireland) Order 1986. 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.

Share capital

Details of shares issued in the period are given in Note 16 to the financial statements.

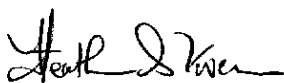
Post balance sheet event

On 18 March 2004 the company capitalised £28,000,000 of the loan balance owed at that date to Dr McClay.

Auditors

Following the conversion of our auditors PricewaterhouseCoopers to a Limited Liability Partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned and the directors appointed its successor, PricewaterhouseCoopers LLP, as auditors. A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the annual general meeting.

By order of the board



H Stevenson
Secretary
Craigavon

10 June 2004

**Report of the auditors to the directors of
Almac Sciences Limited under Article 255B
of the Companies (Northern Ireland) Order 1986**

We have examined the abbreviated financial statements on pages 5 to 14 together with the annual financial statements of Almac Sciences Limited for the period ended 30 September 2003.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated financial statements in accordance with Article 254A of the Companies (Northern Ireland) Order 1986. It is our responsibility to form an independent opinion as to the company's entitlement to deliver abbreviated financial statements prepared in accordance with Article 254A(3) of the Companies (Northern Ireland) Order 1986 and whether the abbreviated financial statements are properly prepared in accordance with that provision and to report our opinion to you.

Basis of opinion

We have carried out the procedures we considered necessary to confirm, by reference to the annual financial statements, that the company is entitled to deliver abbreviated financial statements and that the abbreviated financial statements are properly prepared from those financial statements. The scope of our work for the purpose of this report does not include examining or dealing with events after the date of our report on the annual financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated financial statements prepared in accordance with Article 254A(3) of the Companies (Northern Ireland) Order 1986 and the abbreviated financial statements to be delivered are properly prepared in accordance with that provision.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Belfast
22 June 2004

**Abbreviated profit and loss account
for the nine months ended 30 September 2003**

	Notes	Nine months ended 30 September 2003 £	Year ended 31 December 2002 £
Gross profit		72,580	160,180
Net operating expenses (before depreciation)		1,308,406	1,152,956
Depreciation		602,651	731,866
Net operating expenses	3	1,911,057	1,884,822
Operating loss before depreciation ("EBITDA")		(1,235,826)	(992,776)
Depreciation		(602,651)	(731,866)
Operating loss	5	(1,838,477)	(1,724,642)
Amounts written off investments	6	(561,881)	-
Interest receivable		22,266	-
Interest payable and similar charges	7	(10,455)	(4,688)
Loss on ordinary activities before taxation		(2,388,547)	(1,729,330)
Taxation (charge)/credit	8	(48,024)	48,024
Loss for the period	17	(2,436,571)	(1,681,306)

All amounts above relate to continuing operations of the company.

The company has no recognised gains and losses other than those included in the results above, and therefore no separate statement of total recognised gains and losses has been presented.

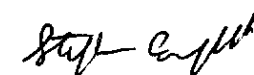
There is no difference between the loss on ordinary activities before taxation and the loss for the period stated above, and their historical cost equivalents.

Abbreviated balance sheet at 30 September 2003

	Notes	30 September 2003 £	31 December 2002 £
Fixed assets			
Tangible assets	9	41,905,699	30,269,291
Investments	10	40,153	1
		41,945,852	30,269,292
Current assets			
Debtors	11	2,561,030	4,094,993
Cash at bank		774,461	3,608,355
		3,335,491	7,703,348
Creditors: amounts falling due within one year	12	(2,354,580)	(5,770,960)
Net current assets		980,911	1,932,388
Total assets less current liabilities		42,926,763	32,201,680
Creditors: amounts falling due after more than one year	13	(24,168,351)	(11,566,817)
Deferred income - government grants	15	(3,474,769)	(3,316,169)
Net assets		15,283,643	17,318,694
Capital and reserves			
Called up share capital	16	19,401,520	19,000,000
Profit and loss account	17	(4,117,877)	(1,681,306)
Equity shareholders' funds	18	15,283,643	17,318,694

The abbreviated financial statements have been prepared in accordance with the special provisions of Part VIII of the Companies (Northern Ireland) Order 1986 relating to medium-sized companies.


A J McClay



S Campbell

Directors

10 June 2004

**Notes to the abbreviated financial statements
for the nine months ended 30 September 2003****1 Accounting policies**

These financial statements are prepared on the going concern basis under the historical cost convention, and in accordance with the Companies (Northern Ireland) Order 1986 and applicable accounting standards. The significant accounting policies adopted are set out below.

Consolidation

The financial statements contain information about Almac Sciences Limited as an individual company and do not contain consolidated financial information as the parent of a group as the company's only subsidiary is dormant.

Turnover

Turnover is the amount derived from the provision of services after deduction of value added tax.

Tangible fixed assets

The cost of tangible fixed assets is their purchase cost together with any incidental expenses of acquisition.

No depreciation is charged on land. For all other tangible 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 rates used are as follows:

		%
Buildings	-	2
Plant and machinery	-	10
Fixtures and fittings	-	10
Computers	-	20
Motor vehicles	-	25

Leased assets

Rentals under operating leases are charged to revenue as incurred.

Research and development

Expenditure is charged against profits in the year in which it is incurred.

Deferred taxation

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

Foreign currencies

Assets, liabilities, revenues and costs denominated in foreign currencies are recorded at the rate of exchange ruling at the date of the transactions: monetary assets and liabilities at the balance sheet date are translated at the year end rate of exchange. All exchange differences thus arising are reported as part of the results for the year.

Pension costs

Retirement benefits are provided for employees by a defined contribution pension scheme whereby the assets of the scheme are held separately from those of the company in an independently administered scheme. Contributions are charged against profits as they become due.

1 Accounting policies (continued)

Revenue grants

Revenue grants relating to research and development expenditure are credited to the profit and loss account in the year in which the related expenditure is incurred.

Capital grants

Capital grants are treated as deferred income and then credited to revenue over the expected useful lives of the related assets.

Employee trust

The company's share of the assets of Almac Trustees Limited, which is an employee share incentive plan trust, have been incorporated within the company's balance sheet under the appropriate asset categories.

2 Analysis of turnover and results

Turnover and results are attributable to the company's principal activities carried out in the United Kingdom.

3 Net operating expenses

	Nine months ended 30 September 2003 £	Year ended 31 December 2002 £
Distribution costs	248,445	493,643
Administrative expenses	1,662,612	1,391,179
	1,911,057	1,884,822

4 Employee information and directors' emoluments

The average monthly number of persons (including executive directors) employed by the company during the period was:

	Nine months ended 30 September 2003 Number	Year ended 31 December 2002 Number
Production	100	83
Administrative	18	16
	118	99
	£	£
Staff costs (for the above persons)		
Wages and salaries	2,274,838	2,231,322
Social security costs	204,178	234,429
Other pension costs	120,325	137,245
	2,599,341	2,602,996

4 Employee information and directors' emoluments (continued)

Directors' emoluments

	Nine months ended 30 September 2003 £	Year ended 31 December 2002 £
Aggregate emoluments	415,231	392,363
Company pension contributions to money purchase schemes	67,481	79,025

Three (2002: three) of the directors participate in money purchase schemes.

Emoluments payable to the highest paid director are as follows:

	Nine months ended 30 September 2003 £	Year ended 31 December 2002 £
Aggregate emoluments	166,294	163,551
Company pension contributions to money purchase schemes	32,475	38,613

5 Operating loss

	Nine months ended 30 September 2003 £	Year ended 31 December 2002 £
Operating loss is stated after charging/(crediting):		
Depreciation	602,651	731,866
Revenue grant	-	(250,000)
Deferred capital grants release	(77,137)	(102,850)
Operating lease rentals	35,734	32,232
Auditors' remuneration – audit services	5,750	5,500

6 Amounts written off investments

This relates to shares of the company issued and issuable to the company's incentive plan trust.

7 Interest payable and similar charges

	Nine months ended 30 September 2003 £	Year ended 31 December 2002 £
Bank interest	10,455	4,688

8 Taxation (charge)/credit

	Nine months ended 30 September 2003 £	Year ended 31 December 2002 £
Current tax:		
UK corporation tax at 30%	-	-
Total current tax	-	-
Deferred tax:		
Accelerated capital allowances and other timing differences	(191,078)	48,024
Adjustment in respect of previous periods	143,054	-
Total deferred tax	(48,024)	48,024
Tax on loss on ordinary activities	(48,024)	48,024

The current tax assessed for the period differs from that derived from the standard rate of corporation tax in the UK of 30%. The differences are explained below:

	Nine months ended 30 September 2003 £	Year ended 31 December 2002 £
Loss on ordinary activities before tax	(2,388,547)	(1,729,330)
Loss on ordinary activities multiplied by standard rate in the UK of 30%	(716,564)	(518,799)
Effects of:		
Expenses not deductible for tax purposes	285,284	199,383
Income not taxable	-	(4,915)
Non-taxable transfer from deferred grants release	(23,141)	(30,855)
Research and development tax credits	(72,977)	-
Deferred tax asset not recognised	718,476	307,162
Accelerated capital allowances and other timing differences	(191,078)	48,024
Current tax charge for the period	-	-

9 Tangible fixed assets

	Freehold land and buildings £	Plant and machinery £	Fixtures and fittings £	Computers £	Motor vehicles £	Total £
Cost						
At 1 January 2003	26,342,564	4,020,197	1,397,494	329,757	17,750	32,107,762
Additions	9,738,074	2,100,334	101,373	299,278	-	12,239,059
At 30 September 2003	36,080,638	6,120,531	1,498,867	629,035	17,750	44,346,821
Depreciation						
At 1 January 2003	545,199	603,421	487,145	198,269	4,437	1,838,471
Charge for period	170,062	279,774	105,619	43,868	3,328	602,651
At 30 September 2003	715,261	883,195	592,764	242,137	7,765	2,441,122
Net book value						
At 30 September 2003	35,365,377	5,237,336	906,103	386,898	9,985	41,905,699
At 31 December 2002	25,797,365	3,416,776	910,349	131,488	13,313	30,269,291

10 Investments

	Interest in own shares £	Interest in group undertaking £	Total £
Cost			
At 1 January 2003	-	1	1
Additions	401,520	-	401,520
At 30 September 2003	401,520	1	401,521
Amounts written off			
At 1 January 2003	-	-	-
Written off in period	361,368	-	361,368
At 30 September 2003	361,368	-	361,368
Net book value			
At 30 September 2003	40,152	1	40,153
At 31 December 2002	-	1	1

The company has one dormant subsidiary, Syngal Limited, which is incorporated in Northern Ireland and in which the company holds 100% of the ordinary share capital. At 30 September 2003 the aggregate capital and reserves of Syngal Limited were £2.

"Interests in own shares" represent 401,520 ordinary shares held in the company by Almac Sciences Limited 2003 Share Incentive Plan. The trustee is Almac Trustees Limited. It is a discretionary trust for the benefit of employees of the company, including directors, and may be used to meet obligations under the company's employee share schemes. Other income and costs of the Trust are incorporated into the financial statements where applicable. Cash held by the trust totalled £40,152 at the period end (2002: £Nil).

11 Debtors

	30 September 2003 £	31 December 2002 £
Trade debtors	1,514,023	1,362,136
Other debtors	1,011,116	2,592,828
Deferred tax (note 14)	-	48,024
Prepayments and accrued income	35,891	92,005
	2,561,030	4,094,993

12 Creditors: amounts falling due within one year

	30 September 2003 £	31 December 2002 £
Trade creditors	581,867	364,696
Other tax and social security	104,586	83,432
Other creditors	893,306	4,979,455
Accruals and deferred income	774,821	343,377
	2,354,580	5,770,960

13 Creditors: amounts falling due after more than one year

	30 September 2003 £	31 December 2002 £
Other loans	24,168,351	11,566,817

The above loan is interest free and repayable to Dr Allen McClay after more than one year.

14 Deferred taxation

	£
At 1 January 2003	48,024
Profit and loss account	(48,024)
At 30 September 2003	-

14 Deferred taxation (continued)

	30 September 2003 £	31 December 2002 £
Deferred taxation asset (Note 11)		
Accelerated capital allowances and other timing differences	-	(20,177)
Short term timing differences	-	(27,847)
	-	(48,024)
Deferred taxation asset not recognised comprises:		
Accelerated capital allowances and other timing differences	357,640	-
Losses	741,636	380,800
	1,099,276	380,800

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

15 Deferred income - government grants

	£
At 1 January 2003	3,316,169
Received during the period	235,737
Released to profit and loss account	(77,137)
At 30 September 2003	3,474,769

16 Called up share capital

	30 September 2003 £	31 December 2002 £
Authorised		
50,000,000 ordinary shares of £1 each	50,000,000	50,000,000
Allotted, called up and fully paid		
19,401,520 (2002:19,000,000) ordinary shares of £1 each	19,401,520	19,000,000

401,520 ordinary shares, nominal value £1 each, were issued at par to the company's share incentive plan trust during the period.

17 Profit and loss account

	£
At 1 January 2003	(1,681,306)
Loss for the period	(2,436,571)
At 30 September 2003	(4,117,877)

18 Reconciliation of movements in shareholders' funds

	Nine months ended 30 September 2003 £	Year ended 31 December 2002 £
Issue of ordinary shares	401,520	19,000,000
Loss for the period	(2,436,571)	(1,681,306)
Opening shareholders' funds	17,318,694	-
Closing shareholders' funds	15,283,643	17,318,694

19 Capital commitments

	30 September 2003 £	31 December 2002 £
Capital expenditure that has been contracted for but has not been provided for in the financial statements	2,700,000	12,075,500

20 Financial commitments

At 30 September 2003 the company had annual commitments under non-cancellable operating leases expiring as follows:

	30 September 2003 Vehicles £	30 September 2003 Other £	31 December 2002 Vehicles £	31 December 2002 Other £
Within one year	40,150	-	-	9,000
Within two to five years	22,372	-	38,904	-
	62,522	-	38,904	9,000

21 Post balance sheet events

On 18 March 2004 the company capitalised £28,000,000 of the loan balance owed at that date to Dr McClay.

22 Ultimate controlling party

The ultimate controlling party is Dr A J McClay, who is a director, and the balance due to Dr McClay at 30 September 2003 is shown at note 13. The amounts due at 30 September 2003 from companies under common control, included in the balance sheet under debtors, amounted to £252,142 (2002: £632,580).