

News Release

10 December 2009

Consort Medical plc

Interim results for the six months ended 31 October 2009

Consort Medical plc continues to achieve robust results in a challenging market and acquires The Medical House plc.

Consort Medical plc (LSE: CSRT), a leader in drug delivery and device technologies, today announces results for the six months ended 31 October 2009.

Highlights:

- Revenues of ongoing products and services stable at £57.8m (2008 re-presented*: £58.4m).
- Operating profit before special items held flat at £8.6m (2008 re-presented: £8.7m)
- Profit before tax and special items down 5% at £7.8m (2008 re-presented: £8.3m) due to lower interest income
- Profit before tax down 33% at £5.2m (2008 re-presented: £7.7m) due to special costs as manufacturing transformation programmes are implemented as planned
- Adjusted earnings per share down 10% at 19.0p (2008 re-presented: 21.2p)
Basic earnings per share down 16% to 12.8p (2008 re-presented: 15.2p)
- Interim dividend maintained at 7.0p per share (2008: 7.0p per share)
- Net debt as at 31 October reduced to £17.9m (2008: £19.1m)
- £16.8m offer announced on 24 September to acquire The Medical House plc, the offer being declared unconditional after the period end

Jon Glenn, Chief Executive Officer, commented:

"We continue to make good progress with our strategy and we are pleased to maintain operating profit before special items at last year's level despite continuing challenging markets. Revenues continue to grow at King Systems and although revenues have declined at Bepak due to a difficult market environment, it is encouraging that Bepak has maintained all its customers and is well placed for future recovery. The cost reduction programmes in both divisions continue on track. We are particularly pleased with the acquisition of The Medical House plc which gives us the opportunity to grow the Bepak business by leveraging its core competencies of design for high volume device manufacture to the highest quality levels."

* Note that prior year comparative numbers have been re-presented throughout this results announcement to consolidate the income statement of Integrated Aluminium Components Ltd (IAC Ltd), a component manufacturing subsidiary for the Bepak Division, which was previously held for sale.

Enquiries:

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Consort Medical plc is a leader in medical devices for drug delivery and device technologies. The Group develops drug delivery systems for the pharmaceutical industry and disposable airway management products for critical care settings in hospitals.

Consort Medical develops and manufactures metered dose inhaler valves, autoinjectors, needle free injectors, actuators, compliance aids, dry powder devices, disposable facemasks, breathing circuits and laryngeal tubes. The Group has facilities in King's Lynn and Hemel Hempstead in the UK, Indianapolis, Indiana and Kent, Ohio in the US. Consort Medical is a public company quoted on the full list of the London Stock Exchange (LSE: CSRT).

Consort Medical plc

Interim results for the six months ended 31 October 2009

We are pleased to report that Consort Medical has delivered a robust set of results in markets that continue to be challenging. Consort Medical's businesses have strong franchises and profitable platforms, which will underpin a range of opportunities for organic growth over the medium term. The acquisition of The Medical House plc will broaden the range of growth opportunities.

Consort Medical has two business divisions: Bepak and King Systems.

- The Bepak Division is a world leading manufacturer of drug delivery devices. It is a market leader in the supply of valves and other devices for respiratory applications to global pharmaceutical companies. Since the period end it has acquired The Medical House plc, which is expected to broaden the division's franchise into the fast growing autoinjector market.
- King Systems Division is a leading supplier of life-saving patient care solutions to the US anaesthesia market: including breathing circuits, face masks and other disposable airway management and airway visualisation products. These are sold to anaesthetists in hospitals and to emergency medical practitioners.

Group interim results

In the six months to 31 October 2009, revenue from products and services fell by 1% to £57.8m (2008 re-presented: £58.4m). Encouraging revenue growth in King Systems was offset by challenging markets for Bepak which is experiencing widespread customer destocking but no material loss of business. Total revenue was £61.5m (2008 re-presented: £64.1m) which included £3.8m (2008 re-presented: £5.6m) of customer tooling costs which are passed directly on to customers.

Operating profit before special items remained flat at £8.6m (2008 re-presented: £8.7m) as cost reductions, especially at Bepak, mitigated the margin impact of the market conditions. Profit before tax and special items was in line with the Board's expectations at £7.8m (2008 re-presented: £8.3m), with the Group experiencing a fall in interest income due to lower rates and an increased non-cash IAS 19 pension charge. Profit before tax of £5.2m (2008 re-presented: £7.7m) was also in line with management expectations: the special items of £2.7m related to cost reduction activities and the ongoing amortisation of intangible assets at King Systems and were in line with previous guidance.

Basic earnings per share fell by 16% to 12.8p (2008 re-presented: 15.2p). Earnings per share, adjusted for special items, fell 10% to 19.0p (2008: 21.2p). As previously projected, the Group's underlying tax rate has risen from 27.1% to 30% as the Group has now fully utilised brought forward losses in the US.

Net debt continued to reduce and as at 31 October 2009 was £17.9m (30 April 2009: £18.9m). Net debt remains comfortably within our borrowing covenants and facilities and is less than one times EBITDA. The impact of the acquisition of The Medical House after the period end is discussed below.

The Board is maintaining an interim dividend of 7.0p per share, which is payable on 19 February 2010 to those shareholders on the register on 22 January 2010.

Strategy

Consort Medical is a healthcare company focused on medical device technologies for drug delivery and life-saving patient care solutions for airways. Our strategy moving forward is to build and strengthen our core business through new product innovation, increased market reach and higher value business models. We will diversify the Group into adjacent markets and technologies which leverage our exceptional capabilities in drug delivery and medical device technologies. We will also continue to manage costs aggressively in order to maintain and increase margins in the current challenging economic environment, whilst acknowledging that we must deliver sales growth in the medium term in order to successfully develop the business and provide an adequate return to our shareholders.

Business performance

Bespak Division

Bespak is a leading drug delivery device manufacturer which has many of the world's top pharmaceutical companies as its largest customers. It has focused historically on the inhalation market, with devices primarily used to treat asthma and COPD (Chronic Obstructive Pulmonary Disease). Over 300 million people worldwide have been diagnosed with these diseases and Bespak devices deliver over one third of their inhaled medication. Bespak moulds or sources over 3 billion parts a year in making 500 million products, from valves and actuators to complete devices. With the acquisition of The Medical House plc, Bespak will now broaden its product portfolio to include the rapidly growing autoinjector market, which allows patients to self-administer a range of drugs including an expanding portfolio of biological products.

The Bespak division delivers good returns and margins and generates consistently high levels of cash. However, in the six months to 31 October 2009, revenues fell by 10% to £37.5m (2008: £41.7m). Around half of the impact arose from the long term renewal of a major contract last spring on reduced terms as previously reported. The remaining impact has arisen from a temporary patient and customer destocking of valves. In the prior period to 31 October 2008, revenues also included both some final sales of valves for CFC propellant prior to its cessation on 31 December 2008 and launch stocks of valves for HFA propellant. As the economic downturn subsequently deepened and the HFA market shares of the customer base have stabilised, Bespak has experienced a broad based destocking as customers seek to reduce inventories from their pre-launch peak. Nevertheless, Bespak has maintained its strong market position in this period and has lost neither customers nor product platforms.

Bespak anticipated these challenging conditions and implemented strong cost reduction activities, resulting in operating profit before special items falling by just 7% to £6.8m (2008 re-presented: £7.3m), and margins increasing from 17.5% to 18.1%.

Good progress continued to be made across a wide range of Bespak's new product development activities. The primeless valve is in the final stages of the regulatory process prior to filing with the FDA with its launch customer, and the company's bespoke dose counter technology customer is progressing through Phase III trials. The valve for emerging markets is on trial with a further customer and all four device services projects have made good progress over the period. We are also pleased to announce today a long term extension to one of our valve contracts which is expected to be worth over £25m over the next five years.

King Systems Division

King Systems is a leading US manufacturer of medical devices used by anaesthetists and emergency practitioners to establish, manage and maintain patient airways: our products are used in around 10 million procedures every year. Products include anaesthesia circuits, masks, breathing bags, laryngeal tubes and visualisation devices.

Total sales grew by 4.2% at constant exchange rates (21% at actual exchange rates) in a market that remains flat due to the current global economic crisis. King's patented Flex 2 circuit product continued to drive growth in the circuit business and to grow overall market share and there was continuing strong growth in the Division's laryngeal tube devices. Domestic sales were particularly strong, while International sales started disappointingly but improved in the second quarter.

Operating profit before special items grew by 23% at constant exchange rates (36% at actual exchange rates) to £1.9m. Operating margins in the first half were 9.1%, up from 8.1% in the same period last year and were lower than the long term average of 14% due to significant and planned investment in R&D, the new leadership team and in the manufacturing transformation project announced with our preliminary 2008/09 results. These investments are already yielding benefits. The new R&D team has a range of portfolio products for launch in the fourth quarter, and one larger product is scheduled for launch next autumn. A new engineering and process design team has also been recruited to deliver the automation programme: long lead time capital items have been ordered and one project went live on schedule in October that is expected to deliver over \$600k of annualised savings.

Board and management changes

On 1 May Peter Fellner assumed his new role as Chairman, succeeding John Robinson. The Board welcomed William Jenkins to the Board as a non-executive director at the same time and George Kennedy CBE assumed the position of senior independent director and Chairman of the Remuneration Committee.

Consort Medical is pleased to announce that Nick Higgins will join the Group in the role of Director of Corporate Development on 4 January 2010 as a member of the Executive team. Nick has extensive experience in licensing transactions and acquisitions in the healthcare industry, including with Acambis plc and Intercytex Group plc, and will play an important role in identifying organic and acquisitive growth opportunities for the Group. As previously announced, Paul Boughton will be leaving the company as Corporate Development Director on 31 December and has today stepped down from the Board.

On 1 November, John Slater joined as Group Company Secretary and General Counsel. John has previously held similar roles with Celltech plc and with Vernalis plc and brings with him significant experience in the healthcare industry.

Post balance sheet event – the acquisition of The Medical House plc

On 24 September, Consort Medical announced a £16.8m offer for the issued and to be issued share capital of The Medical House plc, a developer of autoinjectors and needle free injectors for the pharmaceutical industry. The acquisition will combine The Medical House's design technology and commercial contacts within this very fast growing segment of the market with Bepak's scale, design for manufacture and manufacturing expertise to provide a compelling low risk proposition to pharmaceutical and biotechnology clients. On 5 November it was announced that the offer had become unconditional in all respects. On 19 November it was announced that Consort Medical had either purchased or secured acceptances for over 95% of the Medical House's shares, would be compulsorily acquiring the remainder of the share capital and The Medical House would be delisting from AIM on 18 December. The acquisition balance sheet is shown in the notes to these accounts.

The Group secured an additional term loan of £19.5m from RBS in order to fund the acquisition on current commercial terms. The net debt to EBITDA ratio once this loan has been fully drawn down is not expected to exceed 1.9 and remains well within our covenants. Headroom remains unchanged and is in excess of £25m.

Management have received a positive response from within the industry to the acquisition and believe that the combined businesses offer an important platform for long term growth for Bepak. Implementation of the announced £0.5m cost savings has already begun and is expected to be completed by the year end. Over the next 24 months, revenues will be derived from a newly marketed product and from the launch of three autoinjector devices currently in development with customers. These projects all relate to currently approved or generic drugs, so we believe that the regulatory risk to these projects is low. However, as with all pharmaceutical products, the precise timing of launch can be difficult to predict. The business is expected to be modestly accretive in the 2010/11 financial year and to deliver solid growth thereafter.

Outlook

Market conditions for Bepak are expected to remain challenging throughout 2010, with ongoing destocking and a second margin reduction in the device services segment next year. However, ongoing cost saving initiatives and growing revenues from The Medical House are expected to largely counteract the shortfall and to provide a solid basis for growth once the destocking ends and normal order levels resume. King Systems is expecting to see further margin improvements arising from its transformation programme in the second half. As a result, the Board believes that results will be broadly in line with its expectations for the year. The Group's solid cash flows and balance sheet mean that it has been able to continue investing strongly through this downturn in R&D and capital programmes and to maintain an attractive dividend yield in anticipation of growth in the future, both organically and by acquisition.

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Independent review report to Consort Medical plc

Introduction

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 October 2009, which comprises the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated cash flow statement, the consolidated statement of changes in shareholders' equity and related notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of the Disclosure and Transparency Rules of the Financial Services Authority and for no other purpose. We do not, in producing this report, 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 review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 October 2009 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

PricewaterhouseCoopers LLP
Chartered Accountants
Milton Keynes
9 December 2009

Notes:

- (a) The maintenance and integrity of the Consort Medical plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- (b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of directors' responsibilities

The directors confirm that this condensed consolidated interim financial information has been prepared in accordance with IAS 34 as adopted by the European Union and that the interim management report includes a fair review of the information required by DTR 4.2.7 and DTR4.2.8, namely:

- An indication of important events that have occurred during the first six months and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- Material related party transactions in the first six months and any material changes in the related party transactions described in the last annual report.

The directors of Consort Medical plc are listed in the Consort Medical plc Annual Report for the year ended 30 April 2009, with the exception of the following changes in the period: Dr W Jenkins was appointed on 1 May 2009. A list of current directors is maintained on the Consort Medical plc website: www.consortmedical.com.

By order of the Board

John Slater
Company Secretary
9 December 2009

Consolidated Income Statement
For the period 1 May to 31 October 2009

	<i>Notes</i>	Unaudited 1 May to 31 October 2009	Unaudited 4 May to 31 October 2008 (Re- presented - note 1)	Audited 4 May 2008 to 30 April 2009
		£000	£000	£000
Continuing operations				
Revenue from products and services	2	57,779	58,436	120,343
Revenue from tooling and equipment	2	3,759	5,646	9,560
Revenue	2	61,538	64,082	129,903
Operating expenses		(55,624)	(56,001)	(116,820)
Operating profit before special items		8,632	8,673	18,858
Special items	3	(2,718)	(592)	(5,775)
Operating profit	2	5,914	8,081	13,083
Finance income		90	524	843
Finance expenses		(547)	(703)	(1,455)
Other finance expenses	4	(338)	(143)	(276)
Share of post tax losses of associate		-	(77)	(111)
Profit on sale of associate/(impairment of investment in associate)	3	67	-	(125)
Profit before tax and special items		7,837	8,274	17,859
Special items	3	(2,651)	(592)	(5,900)
Profit before tax		5,186	7,682	11,959
Tax on profit before special items		(2,345)	(2,169)	(4,831)
Tax on special items		855	269	1,833
Special tax item		-	(1,388)	(1,383)
Tax	5	(1,490)	(3,288)	(4,381)
Profit for the financial period		3,696	4,394	7,578
Basic earnings per ordinary share	6	12.8p	15.2p	26.2p
Diluted earnings per ordinary share	6	12.6p	15.0p	26.0p
Non-GAAP measure:				
Continuing operations				
Adjusted profit before tax (£000)		7,837	8,274	17,859
Adjusted profit after tax (£000)		5,492	6,105	13,028
Adjusted earnings per ordinary share	6	19.0p	21.2p	45.1p
Adjusted diluted earnings per ordinary share	6	18.7p	20.8p	44.8p

Consolidated Statement of Comprehensive Income
For the period 1 May to 31 October 2009

	Unaudited 1 May to 31 October 2009 £000	Unaudited 4 May to 31 October 2008 £000	Audited 4 May 2008 to 30 April 2009 £000
Profit for the financial period	3,696	4,394	7,578
Other comprehensive income			
Fair value movements on cash flow hedges (net of tax)	110	(134)	(363)
Currency translation differences (net of tax)	(2,782)	4,041	5,085
Tax on share based payments	13	(115)	(104)
Actuarial loss on defined benefit pension scheme	(5,572)	(2,661)	(5,392)
Deferred tax on actuarial loss	1,560	745	1,511
Other comprehensive (loss)/income for the period	(6,671)	1,876	737
Total comprehensive (loss)/income for the period	(2,975)	6,270	8,315

Consolidated Balance Sheet
At 31 October 2009

	<i>Notes</i>	Unaudited 31 October 2009	Unaudited 31 October 2008	Audited 30 April 2009
		£000	£000	£000
Assets				
Non-current assets				
Property, plant and equipment	8	47,758	45,323	49,758
Goodwill		43,162	44,008	47,870
Other intangible assets		9,749	11,775	11,959
Investment in associates		8	207	67
Deferred tax assets		858	-	-
		101,535	101,313	109,654
Assets classified as held for sale	9	-	7,879	-
Current assets				
Inventories		11,289	8,666	12,107
Trade and other receivables		18,414	16,554	16,056
Current tax receivable		373	689	-
Cash and cash equivalents		15,173	17,856	19,195
		45,249	43,765	47,358
Liabilities				
Current liabilities				
Borrowings		32,039	31,580	34,545
Trade and other payables	10	17,668	17,594	18,942
Current tax payable		2,327	3,394	2,725
Provisions and other liabilities		3,603	1,702	4,186
		55,637	54,270	60,398
Liabilities of subsidiary held exclusively for resale		-	2,061	-
		55,637	56,331	60,398
Net current liabilities		(10,388)	(12,566)	(13,040)
Non-current liabilities				
Borrowings		1,061	5,415	3,543
Deferred tax liabilities		4,040	5,408	5,270
Defined benefit pension scheme deficit	13	16,489	10,054	12,081
		21,590	20,877	20,894
Net assets		69,557	75,749	75,720
Shareholders' equity				
Share capital		2,895	2,894	2,895
Share premium		32,378	32,379	32,378
Retained earnings		33,533	37,868	37,024
Other reserves		751	2,608	3,423
Total equity		69,557	75,749	75,720

Consolidated Cash Flow Statement
For the period 1 May to 31 October 2009

	Unaudited 1 May to 31 October 2009	Unaudited 4 May to 31 October 2008	Audited 4 May 2008 to 30 April 2009
	£000	£000	£000
	Notes	(Re-presented - note 1)	
Cash flows from operating activities			
Operating profit from continuing operations	5,914	8,081	13,083
Depreciation	3,478	3,120	6,524
Amortisation	1,164	952	2,166
Impairment charge	-	-	2,747
Impairment reversal against subsidiary held for resale	-	(666)	(2,421)
Losses of subsidiary originally held for resale	-	546	-
Loss/(profit) on disposal of property, plant and equipment	13	(144)	(155)
Loss on disposal of software	-	-	16
Share based payments	314	436	860
Decrease/(increase) in inventories	434	515	(992)
(Increase)/decrease in trade and other receivables	(3,107)	2,067	4,965
Decrease in trade and other payables	(96)	(95)	(2,193)
Decrease in provisions	(750)	(3,819)	(1,302)
Decrease/(increase) in financial instruments	173	(31)	(181)
Cash generated from continuing operations	7,537	10,962	23,117
Interest paid	(586)	(675)	(1,475)
Tax paid	(2,065)	(1,589)	(3,520)
Net cash inflow from operating activities	4,886	8,698	18,122
Cash flows from investing activities			
Purchases of property, plant and equipment	(3,345)	(5,481)	(8,433)
Purchases of intangible assets	(70)	(57)	(444)
Proceeds from sale of property, plant and equipment	437	365	384
Interest received	113	619	855
Purchase of investment in associate	(8)	-	-
Proceeds from disposal of investment	129	-	-
Loans to subsidiary held exclusively for resale	-	(443)	-
Net cash used in investing activities	(2,744)	(4,997)	(7,638)
Cash flows from financing activities			
Net proceeds from issue of ordinary share capital	-	1,795	1,795
Purchase of own shares	-	-	(472)
Equity dividends paid to shareholders	(3,502)	(3,502)	(5,528)
Repayment of amounts borrowed	(2,178)	(1,817)	(4,208)
Finance lease payments	(40)	-	(67)
Payments to fund defined benefit pension scheme deficit	(1,335)	(725)	(1,595)
Net cash used in financing activities	(7,055)	(4,249)	(10,075)
Net (decrease)/increase in cash and short-term borrowings	12	(4,913)	409
Effects of exchange rate changes	2,881	(4,850)	(7,105)
Opening cash in subsidiary originally held for resale	-	-	103
Cash and short-term borrowings at start of the period	(10,587)	(3,994)	(3,994)
Cash and short-term borrowings at the end of the period	(12,619)	(9,392)	(10,587)

Consolidated Statement of Changes in Shareholders' Equity

	Share capital £000	Share premium £000	Retained earnings £000	Cash flow hedge reserve £000	Translation reserve £000	Total £000
Balance at 4 May 2008 (audited)	2,872	31,360	38,571	(71)	(1,228)	71,504
Profit for the financial period	-	-	4,394	-	-	4,394
Other comprehensive (loss)/income for the financial period	-	-	(2,031)	(134)	4,041	1,876
Recognition of share-based payments	-	-	436	-	-	436
Proceeds from exercise of employee options	22	1,019	-	-	-	1,041
Equity dividends	-	-	(3,502)	-	-	(3,502)
Balance at 31 October 2008 (unaudited)	2,894	32,379	37,868	(205)	2,813	75,749
Balance at 4 May 2008 (audited)	2,872	31,360	38,571	(71)	(1,228)	71,504
Profit for the financial period	-	-	7,578	-	-	7,578
Other comprehensive (loss)/income for the financial period	-	-	(3,985)	(363)	5,085	737
Recognition of share-based payments	-	-	860	-	-	860
Proceeds from exercise of employee options	23	1,018	-	-	-	1,041
Consideration paid for purchase of own shares (held in trust)	-	-	(472)	-	-	(472)
Equity dividends	-	-	(5,528)	-	-	(5,528)
Balance at 30 April 2009 (audited)	2,895	32,378	37,024	(434)	3,857	75,720
Balance at 1 May 2009 (audited)	2,895	32,378	37,024	(434)	3,857	75,720
Profit for the financial period	-	-	3,696	-	-	3,696
Other comprehensive (loss)/income for the financial period	-	-	(3,999)	110	(2,782)	(6,671)
Recognition of share-based payments	-	-	314	-	-	314
Equity dividends	-	-	(3,502)	-	-	(3,502)
Balance at 31 October 2009 (unaudited)	2,895	32,378	33,533	(324)	1,075	69,557

Notes to the Interim Accounts

1 Basis of preparation

The Company is a public limited liability company incorporated and domiciled in the UK. The address of its registered office is Breakspeare Park, Breakspeare Way, Hemel Hempstead, Herts HP2 4UL.

The Company is listed on the London Stock Exchange.

This condensed consolidated interim financial information was approved for issue on 9 December 2009.

This condensed consolidated interim financial information does not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the period 4 May 2008 to 30 April 2009 were approved by the Board of directors on 23 June 2009 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 237 of the Companies Act 1985.

This condensed consolidated interim financial information has been reviewed, not audited.

This condensed consolidated interim financial information for the six months ended 31 October 2009 has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Services Authority and with IAS 34, 'Interim financial reporting' as adopted by the European Union. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the period 4 May 2008 to 30 April 2009, which have been prepared in accordance with IFRSs as adopted by the European Union.

Re-classification of business held for sale

The acquisition of Integrated Aluminium Components Limited in July 2007 was treated as a business acquired with a view to re-sale, accordingly it was not consolidated but treated as a discontinued operation under IFRS 5, 'Non-current assets held for sale and discontinued operations'. In the 2009 financial period a decision was taken not to sell the business in the current markets but to restructure the business and retain it as part of the Group. As a result of this decision the purchase has been accounted for as an acquisition and the income statement for the period 4 May 2008 to 31 October 2008 re-presented as shown in the following table. Under IFRS 5, the Consolidated Balance Sheet at 31 October 2008 has not been re-presented.

	As previously reported	Effect of change in classification	Re-presented
	£000	£000	£000
Revenue	60,780	3,302	64,082
Operating profit before special items	8,848	(175)	8,673
Profit before tax and special items	8,569	(295)	8,274
Special items	(887)	295	(592)
Tax	(3,288)	-	(3,288)
Profit for the financial period	4,394	-	4,394
Adjusted profit after tax	6,317	(212)	6,105
Adjusted earnings per ordinary share	21.9p	(0.7p)	21.2p
Adjusted diluted earnings per ordinary share	21.5p	(0.7p)	20.8p

Notes to the Interim Accounts

1 Basis of preparation continued

Accounting policies

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the period 4 May 2008 to 30 April 2009, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 May 2009.

- IAS 1 (revised), 'Presentation of financial statements'. The revised standard prohibits the presentation of items of income and expenses (that is 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All 'non-owner changes in equity' are required to be shown in a performance statement.

Entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income).

The Group has elected to present two statements: an income statement and a statement of comprehensive income. The interim financial statements have been prepared under the revised disclosure requirements.

- IFRS 2 (amendment), 'Share-based payment'. The amendment to IFRS 2 has resulted in a change in the Group's accounting policy for share-based payments. Prior to the adoption of the amendment to IFRS 2 any cancellations made by employees under the Group's save as you earn schemes resulted in the reversal of all charges recognised to date. The amendment requires that cancellations are treated as accelerated vestings and all remaining charges are immediately recognised in the income statement with the credit recognised in equity. The impact on prior years is immaterial, consequently no restatement of comparative information has been made.
- IFRS 8, 'Operating segments'. IFRS 8 replaces IAS 14, 'Segment reporting'. It requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the executive committee who allocate resources to, and assess the performance of, the two divisions.

There has been no impact on the measurement of the company's assets and liabilities.

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the financial year beginning 1 May 2009 and have not been early adopted:

- IFRS 3 (revised), 'Business combinations' and consequential amendments to IAS 27, 'Consolidated and separate financial statements', IAS 28, 'Investments in associates' and IAS 31, 'Interests in joint ventures', effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. Management is assessing the impact of the new requirements regarding acquisition accounting, consolidation and associates on the Group. The Group does not have any joint ventures. The Group will apply IFRS 3 (revised) to all business combinations from 1 May 2010.

Notes to the Interim Accounts

1 Basis of preparation continued

Accounting policies

The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the statement of comprehensive income. There is a choice on an acquisition-by-acquisition basis to measure the minority interest in the acquiree either at fair value or at the minority interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed.

The following new standards, amendments to standards and interpretations are mandatory for the first time for the financial year beginning 1 May 2009, but are not currently relevant for the Group.

- IFRIC 13, 'Customer loyalty programmes'.
- IFRIC 15, 'Agreements for the construction of real estate'.
- IFRIC 16, 'Hedges of a net investment in a foreign operation'.
- IAS 39 (amendment), 'Financial instruments: Recognition and measurement'.

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the financial year beginning 1 May 2009 and have not been early adopted:

- IFRIC 17, 'Distributions of non-cash assets to owners', effective for annual periods beginning on or after 1 July 2009. This is not currently applicable to the Group, as it has not made any non-cash distributions.
- IFRIC 18, 'Transfers of assets from customers', effective for transfers of assets received on or after 1 July 2009. This is not relevant to the Group, as it has not received any assets from customers.

Notes to the Interim Accounts

2. Segmental information

The analysis by business segment is presented in accordance with the basis set out in IFRS 8 'Operating segments'.

The Group has two divisions. Bespak is a drug delivery device business, a market leader in the supply of valves and other devices for respiratory applications to global pharmaceutical companies. Since the period end it has acquired The Medical House plc, which is expected to broaden its franchise into the fast growing autoinjector market. King Systems is a leading supplier of life-saving patient care solutions to the US anaesthesia market including breathing circuits, face masks and other disposable airway management and airway visualisation products.

The chief operating decision-maker has been identified as the executive committee. This committee is responsible for the executive management of the Group and comprises the Chief Executive, the Group Finance Director, the Corporate Development Director, the Company Secretary/General Counsel, the Managing Directors of the Group's divisions and the Director of Human Resources. This committee meets monthly to make decisions on operational and strategic matters other than those reserved for the Board.

The executive committee assesses the performance of the operating segments based on a measure of adjusted operating profit. This measurement basis excludes the effects of special items from the operating segments. Special items are non-recurring costs that do not reflect the underlying business performance. Currently, amortisation of acquisition-related intangibles, plant closure costs, including impairment of related fixed assets, and restructuring costs are presented in special items.

Net assets exclude taxation, net debt and investment in associates, which are managed on a central basis. These are part of the reconciliation to total net assets.

(a) Revenue from continuing operations

Revenue by business	1 May to 31 October 2009	4 May to 31 October 2008	4 May 2008 to 30 April 2009
	£000	(Re- presented - note 1) £000	£000
Revenue from products and services	37,547	41,736	81,232
Revenue from tooling and equipment	3,759	5,646	9,560
Bespak division (UK by origin)	41,306	47,382	90,792
King Systems division (US by origin)	20,380	16,815	39,387
Total revenues	61,686	64,197	130,179
Intra-segment revenues	(148)	(115)	(276)
Revenue	61,538	64,082	129,903

Revenue by destination	1 May to 31 October 2009	4 May to 31 October 2008	4 May 2008 to 30 April 2009
	£000	£000	£000
United Kingdom	12,280	17,129	31,949
United States of America	25,305	21,401	46,608
Europe	20,979	19,381	40,529
Rest of the World	2,974	6,171	10,817
Revenue	61,538	64,082	129,903

Notes to the Interim Accounts

2. Segmental information (continued)

(b) Operating profit from continuing operations

	1 May to 31 October 2009	4 May to 31 October 2008 (Re- presented - note 1)	4 May 2008 to 30 April 2009
	£000	£000	£000
Bespak division	6,778	7,312	13,476
King Systems division	1,854	1,361	5,382
Operating profit for reportable segments	8,632	8,673	18,858
Special items	(2,718)	(592)	(5,775)
Operating profit after special items	5,914	8,081	13,083

(c) Net assets

Net assets by business segment	31 October 2009	31 October 2008	30 April 2009
	£000	£000	£000
Continuing operations			
Bespak division	26,940	35,189	30,437
King Systems division	65,672	66,661	72,104
Total reportable segments	92,612	101,850	102,541
Investments	8	207	67
Taxation	(5,136)	(8,113)	(7,995)
Net debt	(17,927)	(19,139)	(18,893)
Total continuing operations	69,557	74,805	75,720
Assets classified as held for sale (note 9)	-	944	-
Net assets	69,557	75,749	75,720
Exchange rates			
	31 October 2009	31 October 2008	30 April 2009
Average rate of exchange - USD	1.62	1.89	1.68
Closing rate of exchange - USD	1.65	1.62	1.48

Notes to the Interim Accounts

3. Special items

	1 May to 31 October 2009 £000	4 May to 31 October 2008 (Re- presented - note 1) £000	4 May 2008 to 30 April 2009 £000
Continuing operations			
Exceptional operating expenses	(1,682)	295	(3,749)
Amortisation of acquired intangible assets	(1,036)	(887)	(2,026)
Special items charged to operating expenses	(2,718)	(592)	(5,775)
Profit on sale of associate/(impairment of investment in associate)	67	-	(125)
Special items before tax	(2,651)	(592)	(5,900)
Tax on special items	855	269	1,833
Special tax item (note 5)	-	(1,388)	(1,383)
Total tax expense in special items	855	(1,119)	450
Special items after tax - continuing operations	(1,796)	(1,711)	(5,450)

Exceptional operating expenses in the period comprised employee severance costs.

The exceptional operating expenses in the prior year represent costs incurred in connection with the closure of the Group's manufacturing facility at Milton Keynes, the related restructuring of the Bepak division at King's Lynn, the change of Chief Executive and a restructuring of the King Systems division in the USA.

Amortisation of acquired intangible assets represents the charge for other intangible assets acquired with King Systems.

4. Other finance expenses

	1 May to 31 October 2009 £000	4 May to 31 October 2008 £000	4 May 2008 to 30 April 2009 £000
Expected return on defined benefit scheme assets	1,434	1,567	3,134
Interest cost on defined benefit scheme liabilities	(1,772)	(1,710)	(3,410)
Net interest expense on defined benefit scheme	(338)	(143)	(276)

Notes to the Interim Accounts

5. Tax

	1 May to 31 October 2009	4 May to 31 October 2008 (Re-presented - note 1)	4 May 2008 to 30 April 2009
	£000	£000	£000
UK corporation tax	919	2,174	2,446
Overseas taxation	643	(190)	484
Deferred taxation	(72)	1,304	1,451
Income tax expense reported in the consolidated income statement	1,490	3,288	4,381

The tax charge is analysed between:

Tax on profit before special items	2,345	2,169	4,831
Tax on special items	(855)	(269)	(1,833)
Special tax item	-	1,388	1,383
	1,490	3,288	4,381

The tax charge for the period ended 31 October 2009 is based on the effective tax rate, which it is estimated will apply to earnings for the full year.

Tax has been provided on special items as appropriate. In addition, in the prior year there was a one-off charge of £1.4 million arising in the Group's tax charge due to the accounting implications arising from the UK government's abolition of industrial buildings allowances, which is a non-cash adjustment to deferred tax balances within the financial statements.

6. Earnings per share

	1 May 2009 to 31 October 2009	4 May 2008 to 31 October 2008 (Re- presented - note 1)	4 May 2008 to 30 April 2009
The calculation of earnings per ordinary share is based on the following:			
Profit for the financial period (£000)	3,696	4,394	7,578
Add back: Special items after tax (£000)	1,796	1,711	5,450
Adjusted profit for the financial period (£000)	5,492	6,105	13,028
Weighted average number of shares in issue	28,943,922	28,861,624	28,902,773
Weighted average number of shares owned by Employee Share Ownership Trust	(1,777)	-	(417)
Average number of ordinary shares in issue for basic earnings	28,942,145	28,861,624	28,902,356
Dilutive impact of share options outstanding	417,586	474,892	198,506
Diluted average number of ordinary shares in issue	29,359,731	29,336,516	29,100,862
Basic earnings per ordinary share	12.8p	15.2p	26.2p
Adjusted earnings per ordinary share	19.0p	21.2p	45.1p
Diluted earnings per ordinary share	12.6p	15.0p	26.0p
Adjusted diluted earnings per ordinary share	18.7p	20.8p	44.8p

Notes to the Interim Accounts

7. Dividends

	31 October	31 October	30 April
	2009	2008	2009
	£000	£000	£000
Dividends	£000	£000	£000
Final dividend paid of 12.1p per share (2008: 12.1p)	3,502	3,502	3,502
Interim dividend paid of 7.0p per share (2008: 7.0p)	-	-	2,026
	3,502	3,502	5,528

The Directors have approved an interim dividend of 7.0p per share which, in line with the requirements of IAS10 - 'Events after the Balance Sheet Date', has not been recognised within these results. The interim dividend will be paid on 19 February 2010 to shareholders whose names are on the Register of Members at the close of business on 22 January 2010.

8. Capital expenditure

In the period there were additions to property, plant and equipment of £2.8 million (2008: £4.3 million).

Capital commitments contracted for but not provided for by the Group amounted to £3.2 million (2008: £2.3 million).

9. Disposal Groups

	31 October	31 October	30 April
	2009	2008	2009
	£000	£000	£000
Assets of subsidiary held exclusively for resale	-	3,005	-
Property at Milton Keynes held for sale	-	4,874	-
Assets classified as held for sale	-	7,879	-
Liabilities of subsidiary held exclusively for resale	-	(2,061)	-
Net carrying value of assets held for sale	-	5,818	-
Net carrying value of subsidiary held exclusively for resale	-	944	-

Bespak ceased manufacturing at its Milton Keynes facility in June 2008 at which point the property was classified as an asset held for sale. The property was transferred back into fixed assets in April 2009 following a revaluation, with consequent impairment charge, and will be used as an auxiliary warehouse until market conditions improve.

10. Trade and other payables

	31 October	31 October	30 April
	2009	2008	2009
	£000	£000	£000
Amounts falling due within one year:			
Trade payables	7,304	7,530	7,559
Amounts payable to subsidiary held for resale	-	8	-
Other taxation and social security	941	1,333	624
Derivative financial instruments	449	285	602
Other creditors	2,538	3,064	3,014
Accruals and deferred income	6,436	5,374	7,143
	17,668	17,594	18,942

Notes to the Interim Accounts

11. Analysis of net debt

	31	31	30
	October	October	April
	2009	2008	2009
	£000	£000	£000
Cash and cash equivalents	15,173	17,856	19,195
Overdrafts	(1,099)	(17)	(93)
Revolving loan	(26,693)	(27,231)	(29,689)
Term loan	(5,308)	(9,747)	(8,266)
Finance leases	-	-	(40)
	(17,927)	(19,139)	(18,893)

Cash and cash equivalents comprise cash at bank and in hand plus short-term deposits.

The revolving loan is for \$44 million drawn against a £40 million facility that expires in December 2010. The loan is long-term in nature but is shown in the balance sheet as a current liability as the principal sum is rolled over on a quarterly basis.

The term loan was taken out in December 2005 for a five year period and is also denominated in USD. The amount of the loan repayable within one year is shown within current liabilities.

12. Reconciliation of net cash flow to movement in net debt

	Cash and cash equivalents	Current borrowings	Non-current borrowings	Net debt
	£000	£000	£000	£000
Balance at 3 May 2008	18,287	(25,825)	(6,203)	(13,741)
Cash flow for the period	(589)	41	-	(548)
Loan repayments included in cash flow for the period	-	-	1,817	1,817
Effect of exchange rate changes	158	(5,796)	(1,029)	(6,667)
Balance at 31 October 2008	17,856	(31,580)	(5,415)	(19,139)
Cash flow for the period	1,623	(666)	-	957
Loan repayments included in cash flow for the period	-	67	2,391	2,458
Cash and finance lease in subsidiary originally held for resale	103	(107)	-	(4)
Effect of exchange rate changes	(387)	(2,259)	(519)	(3,165)
Balance at 30 April 2009	19,195	(34,545)	(3,543)	(18,893)
Cash flow for the period	(3,868)	(1,045)	-	(4,913)
Loan repayments included in cash flow for the period	-	-	2,178	2,178
Effect of exchange rate changes	(154)	3,551	304	3,701
Balance at 31 October 2009	15,173	(32,039)	(1,061)	(17,927)
Net debt at 31 October 2009 comprises:				
Cash and short-term borrowings	15,173	(27,792)	-	(12,619)
Bank term loan	-	(4,247)	(1,061)	(5,308)
Balance at 31 October 2009	15,173	(32,039)	(1,061)	(17,927)

Notes to the Interim Accounts

13. Defined benefit pension scheme deficit

	1 May 2009 to 31 October 2009	4 May 2008 to 31 October 2008	4 May 2008 to 30 April 2009
	Total	Total	Total
	£000	£000	£000
Pension deficit at start of period	12,081	7,759	7,759
Current service cost	466	855	1,622
Expected return on plan assets	(1,434)	(1,567)	(3,134)
Interest cost	1,772	1,710	3,410
Actuarial losses	5,572	2,661	5,392
Regular employer contributions	(633)	(639)	(1,373)
Employer payments to fund deficit	(1,335)	(725)	(1,595)
Pension deficit at end of period	16,489	10,054	12,081

14. Related party transactions

The Group's significant related parties are its associates as disclosed in the Consort Medical plc annual report for the period from 4 May 2008 to 30 April 2009. There were no material related party transactions in the period or prior half-year period.

The following table shows the amounts owed by and to Integrated Aluminium Components Limited ('IACL') which were not consolidated in the Consolidated Balance Sheet at 31 October 2008 when the business was treated as available for sale.

	4 May 2008 to 31 October 2008
	Total
	£000
Amounts owed to IACL by subsidiary at 31 October 2008	8
Amounts owed by IACL to parent company and subsidiary at 31 October 2008	4,004

The amounts owed by IACL were made up of loans to finance the business and trading balances for expenses incurred by Group companies on behalf of IACL.

The carrying value of the investment in the Group balance sheet at 31 October 2008 was £0.944 million which represented the fair value less costs to sell.

15. Principal risks and uncertainties

The principal risks and uncertainties which could impact the Group's long-term performance remain those detailed on pages 20 and 21 of the Group's 2009 Annual Report and Financial Statements, a copy of which is available on the Group's website www.consortmedical.com

Notes to the Interim Accounts

16. Post balance sheet event

On 5 November 2009 the Group announced that its recommended cash offer (with a loan notes alternative) for the entire issued and to be issued share capital of The Medical House plc was unconditional in all respects. On 19 November 2009 the Group announced that it had received sufficient acceptances under the offer to acquire compulsorily any outstanding Medical House shares to which the offer relates. The Medical House plc is a designer and developer of disposable autoinjector systems and reusable needle-free injectors.

Details of the net assets acquired and goodwill are as follows:

Purchase consideration	£000
Cash payable	11,225
Loan notes issuable	5,584
Direct costs relating to the acquisition	795
Total purchase consideration	17,604
Provisional fair value of net identifiable assets and liabilities acquired (see below)	1,942
Provisional goodwill	15,662

The assets and liabilities arising from the acquisition are as follows:

	Acquiree's carrying amount	Provisional fair value
	£000	£000
Property, plant and equipment	670	670
Intangible assets	2,423	8,288
Inventories	103	103
Receivables	704	704
Payables	(1,517)	(1,517)
Deferred income	(187)	(1,687)
Bank borrowings and other loans	(798)	(2,298)
Net deferred tax assets/(liabilities)	567	(2,321)
Net identifiable assets acquired	1,965	1,942