CONSORT MEDICAL

Consort Medical plc
6 December 2016

Interim results

Strong underlying[1] performance with 13%[2] increase in EPS[3]

Significant new pipeline contracts increase confidence in longer term outlook

Consort Medical plc (LSE: CSRT) ("Consort", "Consort Medical" or the "Group"), a leading, global, single source drug and delivery device company, today announces its interim results for the six months ended 31 October 2016.

Financial Highlights

GBPm 6 months ended	H1 FY2017 Reported 31 Oct 2016	Δ	H1 FY2016 @ CER[2] 31 Oct 2015	H1 FY2016 Reported 31 Oct 2015
Revenue	144.9	2.0%	142.1	135.5
EBIT[3]	18.9	8.5%	17.4	16.5
EBT[3]	16.6	10.7%	15.0	14.1
Adjusted Basic EPS[3]	28.6p	13.0%	25.3p	23.5p
Statutory Measures				
Profit before tax (PBT)	10.2	181.2%		3.6
Basic EPS	20.1p	66.2%		12.1p

[1] Underlying – H1 FY2017 less H1 FY2016 at constant exchange rates. [2] CER – at constant exchange rates. [3] Before special items of £6.5m – special items relate to amortisation of acquired intangible assets (H1 FY2016: amortisation of acquired intangible assets £6.5m and integration costs £4.0m).

- Group revenue increases to £144.9m from £135.5m – growth of 2.0% underlying[1], 6.9% reported
    - Bespak underlying[1] revenue growth 4.3% and EBIT growth of 5.7%
    - Aesica underlying[1] revenue growth 0.5% and EBIT growth of 14.1%
- Improvement in Aesica operational performance increases operating margin 160 bps to 7.8% - on course for double digit margins goal
- 13% growth in Adjusted basic EPS at constant exchange rates reflecting operational leverage and performance
- Strong underlying[1] cash generation partially offset by currency headwinds and special items cashflow
- Interim Dividend increased 5% to 7.09p, reflecting the Board's confidence in the Group's prospects

Operational Highlights

- Landmark deal for Bespak with first full development agreement for Syrina® / Vapoursoft® device application with a leading Global Biopharma. Development pipeline expands to 16
- Launch of second Bespak injectable device with UCB Cimzia®
- Rapidly expanding Bespak Innovation funnel, with 11 early stage development / feasibility programmes
- Aesica an early provider in serialisation services, growing service offering to pharma clients

Jon Glenn, Chief Executive Officer of Consort Medical, commented:

"Consort has continued to deliver strong underlying[1] growth in earnings whilst adding further important contract wins that build our pipeline momentum. In particular, the recent landmark master development agreement for Syrina® / VapourSoft® and the launch of UCB's Cimzia® autoinjector underpin our longer term growth prospects.

We continue to focus on the organic development of our business, and will continue to consider further inorganic opportunities – whether adding a competency or geographic opportunity - where they present a compelling case for enhancing sustainable shareholder value. With a robust financial position and a strong development pipeline, the Board remains highly confident of Consort's future prospects."

Enquiries:

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Notes:

1. Foreign Exchange Rates
    a. Period end exchange rates 31 Oct 2016: EUR1.11: GBP1.0; USD1.22: GBP1.0.
    b. Average exchange rate 1 May 2016 to 31 Oct 2016: EUR1.20: GBP1.0; USD1.34: GBP1.0.

    c. Period end exchange rates 31 Oct 2015: EUR1.40: GBP1.0; USD1.54: GBP1.0.
    d. Average exchange rate 1 May 2015 to 31 Oct 2015: EUR1.39: GBP1.0; USD1.55: GBP1.0.

    e. Period end exchange rates 30 April 2016: EUR1.28: GBP1.0; USD1.46: GBP1.0.
    f. Average exchange rates 1 May 2015 to 30 April 2016: EUR1.36: GBP1.0; USD1.50: GBP1.0.

Consort Medical plc is a leading, global, single source pharma services drug and delivery device company. We are at the leading edge of innovation and we are committed to investing in patient, clinician and customer driven innovation to create new treatments, new markets and new opportunities.

Our businesses

Bespak is a global market leader in the manufacture of drug delivery devices for pharmaceutical partner companies, including respiratory, nasal, injectables and ocular products, and the manufacture of devices for the point of care diagnostics market. www.bespak.com.

Aesica is a leading provider of finished dose and active pharmaceutical ingredient (API) development and manufacturing services to pharmaceutical partners. www.aesica-pharma.com.

We employ c.2,000 people globally of which c.1,400 are located in the UK. We have UK facilities in King's Lynn, Cambridge, Nelson, Milton Keynes, Cramlington, Queenborough and Hemel Hempstead, German facilities in Monheim and Zwickau and a facility in Pianezza, Italy. Consort Medical is a public company quoted on the premium list of the London Stock Exchange (LSE: CSRT). www.consortmedical.com.

[1] *Underlying – H1 FY2017 less H1 FY2016 at constant exchange rates.*

Consort Medical plc

Group Interim Results

During the first half Consort delivered a strong underlying[1] performance from both businesses, in particular our further operational improvements in Aesica translated into an enhanced operating margin. In addition, a number of important business development milestones have added to the Group's future growth prospects, especially the landmark master development agreement for Syrina® / VapourSoft® and the launch of UCB's Cimzia® autoinjector.

Financial Performance

Revenue increased by £9.4m (6.9%) to £144.9m (H1 FY2016: £135.5m) with Bespak delivering sustained growth of 4.3% to £58.9m (H1 FY2016: £56.5m), and Aesica growing 8.8% to £86.0m (H1 FY2016: £79.1m) – an increase of 0.5% at constant exchange rates. Revenue strengthening attributable to the weakness of sterling against the Euro is £6.5m or 8.3%.

EBIT before special items increased by 14.7% to £18.9m (H1 FY2016: £16.5m). This included 5.7% growth from Bespak to £12.2m (H1 FY2016: £11.5m). Bespak EBIT margin increased by 30bps to 20.7%. Aesica EBIT increased 35.8% to £6.7m – an increase of 14.0% at constant exchange rates - with EBIT margin growing 160bps to 7.8% reflecting continuing improvements to operating performance.

Special items before taxation amounted to £6.5m in the year (H1 FY2016: £10.5m), comprising amortisation of acquired intangibles (H1 FY2016: amortisation of acquired intangible assets £6.5m and integration costs £4.0m).

Finance costs were £2.3m (H1 FY2016: £2.4m), with Earnings before tax and special items increasing by 18.0% to £16.6m (H1 FY2016: £14.1m) – an increase of 10.7% at constant exchange rates. Adjusted basic EPS increased by 21.7% to 28.6p per share (H1 FY2016: 23.5p) – an increase of 13.0% at constant exchange rates. Basic EPS increased by 66.2% to 20.1p per share (H1 FY2016: 12.1p).

Cash generated from operations decreased by £9.2m to £10.1m (H1 FY2016: £19.3m). EBITDA before special items grew £3.6m (16.9%) to £25.2m (H1 FY2016: £21.5m). Bespak EBITDA grew 7.8% to £15.2m, with Aesica's EBITDA growing 34.1% to £10.0m – an increase of 21.5% at constant exchange rates. Trade working capital increased £3.9m to £55.7m (H1 FY2016: £51.8m) including the impact of sterling depreciation against the euro, which represents 19.5% of sales (H1 FY2016: 19.4% of proforma sales). Capital expenditure reduced £2.1m to £6.2m (H1 FY2016: £8.3m).

The Group balance sheet closed with a net debt position of £106.8m (FY2016: £97.0m), representing gearing of 1.91x Net Debt: EBITDA, comfortably within the banking facility covenant (maximum 3.0x). Interest cover was 15.79x against a covenant minimum of 3.0x. The Group has comfortable cash resource availability, with total committed facilities of £171.2m, of which £124.1m was drawn at 31 October 2016.

The Board is declaring an increased interim dividend per share of 7.09p (H1 FY2016: 6.75p), an increase of 5%. Payment will be on 17 February 2017 to holders on the register on the record date of 20 January 2017.

Further commentary on the financial results is contained in the Bespak and Aesica business reviews below.

[1] *Underlying – H1 FY2017 less H1 FY2016 at constant exchange rates.*

Bespak Business Review

Operations

	H1 FY2017	Underlying[1]	Δ%	Currency	Δ%	H1 FY2016
Revenue	£58.9m	£2.4m	4.3%	-	-	£56.5m
EBITDA[2]	£15.2m	£1.1m	7.8%	-	-	£14.1m
EBITDA margin %[2]	25.7%					24.9%
EBIT[2]	£12.2m	£0.7m	5.7%	-	-	£11.5m
EBIT margin %[2]	20.7%					20.4%

[1] *Underlying – H1 FY2017 less H1 FY2016 at constant exchange rates.* [2] *Before special items*

Bespak has a well-established and diverse core business of products in volume manufacturing and a strong pipeline of innovative products entailing respiratory, nasal, ocular and injectable drug delivery, as well as point of care diagnostics. Once again, the business has performed strongly in the first half with increased demand for its core products as well as winning new development opportunities and contracts.

Revenue grew 4.3% to £58.9m. The Non-respiratory sales have now grown to over 25% of Bespak's turnover - Injectables sales were particularly strong again in both product sales and service revenue. Across the business service revenue continues to be strong, reflecting the extent of and additions to the Development and Innovation pipelines.

The strong revenue performance translated to EBIT growth, which increased 5.7% to £12.2m, as EBIT margin increased 30bps to 20.7%.

In October 2016, Bespak exhibited alongside Aesica at the CPHI exhibition in Barcelona. This was the second time both companies have shared a major industry exhibition platform, and the event drew increased interest in the joint services offering of device and drug.

Product Development

In line with our strategy we have assembled a full and broad product development pipeline of organic growth opportunities, which will add to the strength of the core business going forwards. Successful conversion of these opportunities will provide progressive revenue and profit growth, in both contract manufacturing and products with our own proprietary IP and across a range of therapeutic areas, including commercial drug handling.

Our published development portfolio provides an update on the key business development projects in the business. We guide that for inclusion in the published portfolio, projects must have a reasonable expectation of success, though timescales are difficult to predict, and be expected to produce peak annual sales of at least £3m per annum.

In the period, UCB received regulatory approval from the EMA for INJ 570, an autoinjector for UCB's Cimzia®, and the drug has been successfully launched in the UK market. Further launches are planned in the near term.

We also added two new projects to our development and manufacturing portfolio. These include one respiratory project and one injectable:

- *SYR075 is a significant new master development agreement for our proprietary Vapoursoft® Syrina® autoinjector technology with a leading global biopharmaceutical company. Initially there is a single drug / device combination, but the agreement allows for the addition of others, and contains outline terms for commercial supply.*

- *VAL100 is a significant new commercial supply agreement for Bespak's proprietary respiratory devices with AstraZeneca AB. This is a multi-year agreement for the scale-up and supply of Bespak's proprietary pressurised metered dose inhaler (pMDI) valves and actuators. These will subsequently be assembled with AstraZeneca's Bevespi Aerosphere® (glycopyrrolate and formoterol fumarate) inhalation aerosol indicated for the long-term, maintenance treatment of airflow obstruction in patients with chronic obstructive pulmonary disease (COPD), including chronic bronchitis and/or emphysema. AstraZeneca announced that its device was approved by the US Food and Drug Administration on 25 April 2016.*

With the addition of these two new programmes, the portfolio has grown to 16 live programmes. The status of the major programmes currently in our development pipeline is listed below.

Project	Description	Customer	Status
VAL310	Easifill primeless valve	US Pharma	Awaiting regulatory approval
INJ570	***Auto-injector***	***UCB***	***EMA approval received. Launched Oct 2016 in UK***
VAL020	MDI valve	Global Pharma	Stability trials complete; customer progressing towards approval and launch
DEV200	Nicotine delivery	Nicovations	Ongoing progress. We continue to work with BAT towards launch
POC010	POC Test Cartridge	Atlas Genetics	CE marking granted for Chlamydia; Combined Chlamydia / Gonorrhoea test cartridge development progressing
NAS020	Nasal device	Global Generic	Formulation change; brief under review
DEV610	DPI	Mylan	Potential GDUFA date 28 March 2017
NAS030	Nasal device	Pharma Co.	Early stage programme
INJ600	PatchPump® infusion system for Treprostinel	SteadyMed Therapeutics Inc.	Good progress made. NDA submission planned H1 2017
INJ650	ASI® Auto-injector	Global Generic	Continuing progress; early stage
INJ700	Lila Mix™ Injector	Pharma Co.	Development programme on track
IDC300	Oral IDC	Pharma Co.	Launch now expected H2 FY2018
VAL050	MDI valve / actuator	Aeropharm	Development contract ongoing
OCU050	Ocular device / formulation / filling	Oxular	Early stage programme
VAL100	***MDI valve / actuator***	***Astra Zeneca***	***Product approved, awaiting launch***
SYR075	***Syrina® / Vapoursoft®***	***Global Biopharma***	***Newly completed master development agreement***

DPI = Dry Powder Inhaler, MDI = Metered Dose Inhaler, POC = Point of Care, IDC = Integrated Dose Counter

Innovation

The Innovation team continues to be highly active on a number of fronts. The team has now grown to 32 people (21 as at H1 FY2016) at its own dedicated facilities in Cambridge, and we plan to grow this further during the current financial year.

The commercial and innovation teams continue to generate very strong interest in our new technology platforms on a range of opportunities. The Innovation funnel has progressed broadly during the period across a number of therapeutic areas and technologies. These development and feasibility programmes cover a range of therapeutic areas and are all in partnership with biotech and pharmaceutical companies that complement our current customer portfolio in our core business – this is again indicative of the strength and success of our innovation drive and strategy to broaden and diversify our product and customer base.

Syrina®, Lila® & Lapas® Update

Vapoursoft® powered Syrina® auto-injectors, Vapoursoft® powered Lapas® auto-injectors, and our Lila Mix™ and Duo™ technologies have continued to generate widespread interest as innovative and novel drug delivery systems and devices, with several biotech and pharmaceutical companies initiating feasibility and development programmes for their injectable drug portfolios.

This rapidly expanding Innovation funnel currently has an active schedule of five early stage development programmes, six feasibility programmes, and a further five programmes awaiting initiation.

Launch of Bespak's Syrina® AR 2.25 Auto-injector

In October 2016 Bespak unveiled its Syrina® AR 2.25 auto-injector. This innovative auto-injector is the latest addition to the VapourSoft® -powered Syrina® range and is suitable for delivering volumes of up to 2.0ml using a standard 2.25ml pre-filled syringe. The Syrina® AR 2.25 provides patients with a fully-automatic two-step, compact device for the self-administration of viscous drug formulations.

Using Bespak's proven proprietary VapourSoft® compact energy source, Syrina® AR 2.25 is able to deliver 2.0 ml of viscous drug solutions smoothly and safely in less than 15 seconds. Designed with a hidden needle, Syrina® AR 2.25 offers automatic needle insertion and retraction, as well as drug delivery with a single push-on-skin operation. Syrina® AR 2.25 has been tailored specifically for higher viscosities while still enabling the safe use of glass syringes.

Using VapourSoft® at its core allows a compact design and, with quiet operation, provides a discrete solution for patients. Syrina® AR 2.25 is clinical trial ready, enabling a fast track implementation process once paired with a specific drug formulation.

Aesica Business Review

Operations

	H1 FY2017	Underlying[1]	Δ%	Currency	Δ%	H1 FY2016
Revenue	£86.0m	£0.4m	0.5%	£6.5m	8.3%	£79.1m
EBITDA[2]	£10.0m	£1.6m	21.4%	£1.0m	12.8%	£7.4m
EBITDA margin %[2]	11.6%					9.4%
EBIT[2]	£6.7m	£0.7m	14.1%	£1.1m	21.8%	£4.9m
EBIT margin %[2]	7.8%					6.2%

[1] Underlying – H1 FY2017 less H1 FY2016 at constant exchange rates. [2] Before special items

Aesica revenue grew 0.5% to £86.0m, at constant exchange rates. EBIT grew strongly, by 14.1% to £6.7m at constant exchange rates, reflecting the continued improvement in its operating performance, with operating margin increasing 160bps to 7.8%.

We are now routinely supplying commercial product using the first semi-continuous processing line and technology installed at the Queenborough site and are in discussion with a range of pharma customers looking to access the equipment for development activities.

Aesica has moved from validation to routine commercial supply of S+flurbiprofen to a leading Japanese pharmaceutical company to provide the active ingredient for an anti-inflammatory formulation.

Business Development and Innovation

A changing regulatory requirement within the pharmaceutical industry is for product to be uniquely identified to the individual pack level. This process is known in the industry as serialisation. Aesica has been a very early provider of serialisation services to the industry for countries such as China and Latin America and is well advanced in developing the service to take on customers for the next wave of countries adopting serialisation including the EU.

The business has identified a number of attractive business development opportunities with pharma companies looking to outsource oral products and has seen growth in demand for its liquid formulation services at the Pianezza site. One continued growth area is around the manufacture and supply of anaesthetic product for both human and veterinary use.

The Aesica commercial team is focused on a growing number of formulation development and manufacturing opportunities, including a number of early leads for drug formulation and device combinations, as well as packaging opportunities.

Other Financial

Special Items
Special items are those items which the Group considers to be non-repetitive or are not a part of the underlying performance of the business, and often where a material income statement cost or credit is incurred in one year to deliver a future benefit. In H1 FY2017 special items amounted to £6.5m comprising amortisation of acquired intangible assets (H1 FY2016: amortisation of acquired intangible assets £6.5m and integration costs £4.0m).

Pensions
The IAS 19 pension valuation at 31 October 2016 was a total deficit of £43.3m (30 April 2016: £27.2m). The bulk of the increase in the deficit arises primarily from the significant decline in bond yields following the EU referendum which has increased the liabilities, in particular of the Bespak scheme. Deficit recovery contributions of £1.5m per annum are being made to the Bespak scheme. The next triennial actuarial valuation will take place at 30 April 2017.

Tax
The effective tax rate on EBT before special items is 16.1% (H1 2016: 18.9%). The reduction in the rate from last year follows the approval and launch of UCB's Cimzia® autoinjector (INJ570), where historic development losses in the Medical House (ASI) Ltd. have now been recognised as a tax asset.

Principal risks and uncertainties
The principal risks and uncertainties deemed relevant for the remainder of the financial year are considered in note 14 to the financial statements.

People
As announced in August, Richard Cotton (CFO) is leaving the Group following these results to join Dechra Pharmaceuticals plc as CFO. As announced on 25 November 2016, the Board has appointed Paul Hayes to succeed Richard. Paul is currently CFO of The Vitec Group plc, and is serving his notice there until the end of April 2017 when he will join Consort. In the meantime, the Group has appointed David Tilston to act as Interim CFO until Paul joins. David is a seasoned Interim CFO, with experience in both public and private companies.
The Board would like to thank Richard for his contribution, commitment and hard work during a time of significant change and growth at the Group, and to wish him well as he embarks on the next stage of his career.

Outlook

Consort has continued to deliver strong underlying[1] growth in earnings whilst adding further important contract wins that build our pipeline momentum.

In particular, the recent landmark master development agreement for Syrina® / VapourSoft® and the launch of UCB's Cimzia® autoinjector further evidence our longer term growth prospects.

We continue to focus on the organic development of our business, and will continue to consider further inorganic opportunities – whether adding a competency or geographic opportunity - where they present a compelling case for enhancing sustainable shareholder value. With a robust financial position and a strong development pipeline, the Board remains highly confident of Consort's future prospects.

[1] *Underlying – H1 FY2017 less H1 FY2016 at constant exchange rates.*

Statement of directors' responsibilities

The directors confirm that these condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', 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 DTR 4.2.8, 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 2016. A list of current directors is maintained on the Consort Medical plc website: www.consortmedical.com.

By order of the Board

Richard Cotton
Chief Financial Officer
5 December 2016

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 2016 which comprises the consolidated Income Statement, consolidated Statement of Comprehensive Income, consolidated Balance Sheet, consolidated Statement of Changes in Shareholders' Equity, consolidated Cash Flow Statement and the related explanatory 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.

This report is made solely to the company in accordance with the terms of our engagement to assist the company in meeting the requirements of the Disclosure and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA"). Our review has been undertaken so that we might state to the company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our review work, for this report, or for the conclusions we have reached.

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 DTR of the UK FCA.

The annual financial statements of the group are prepared in accordance with IFRSs as adopted by the EU. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU.

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.

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 UK. 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 2016 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the UK FCA.

Lynton Richmond
for and on behalf of KPMG LLP
Chartered Accountants
15 Canada Square
London E14 5GL
5 December 2016

Condensed Consolidated Income Statement
For the half year ended 31 October 2016

	Note	**Unaudited 1 May to 31 October 2016 £000**	Unaudited 1 May to 31 October 2015 £000	Audited 1 May to 30 April 2016 £000
Revenue	2	**144,933**	135,548	276,910
Operating expenses before special items		**(126,042)**	(119,080)	(239,935)
Operating profit before special items		**18,891**	16,468	36,975
Special items	3	**(6,478)**	(10,493)	(21,018)
Operating profit		**12,413**	5,975	15,957
Finance income		**72**	14	11
Finance costs	4	**(1,587)**	(1,719)	(3,328)
Other finance costs	4	**(732)**	(655)	(1,399)
Profit before tax and special items		**16,644**	14,108	32,259
Special items	3	**(6,478)**	(10,493)	(21,018)
Profit before tax		**10,166**	3,615	11,241
Tax on profit before special items	5	**(2,672)**	(2,664)	(4,181)
Special items – tax	3	**2,333**	4,985	8,908
Tax (charge) / credit	5	**(339)**	2,321	4,727
Profit for the financial period from continuing operations		**9,827**	5,936	15,968
Loss for the financial period from discontinued operations	15	**-**	(48)	(999)
Profit for the financial period		**9,827**	5,888	14,969

	Note			
Earnings per share, attributable to the ordinary equity holders of the parent				
From continuing operations:				
Basic earnings per ordinary share	6	**20.1p**	12.2p	32.7p
Diluted earnings per ordinary share	6	**19.9p**	12.0p	32.3p
From continuing and discontinued operations:				
Basic earnings per ordinary share	6	**20.1p**	12.1p	30.7p
Diluted earnings per ordinary share	6	**19.9p**	11.9p	30.3p

Non-GAAP measures

From continuing operations:		**£000**	£000	£000
Profit before tax before special items		**16,644**	14,108	32,259
Profit after tax before special items		**13,972**	11,444	28,078
Adjusted basic earnings per ordinary share	6	**28.6p**	23.5p	57.6p
Adjusted diluted earnings per ordinary share	6	**28.2p**	23.2p	56.8p

Condensed Consolidated Statement of Comprehensive Income
For the half year ended 31 October 2016

	Unaudited 1 May to 31 October 2016 £000	Unaudited 1 May to 31 October 2015 £000	Audited 1 May to 30 April 2016 £000
Profit for the period from continuing operations	**9,827**	5,936	15,968
Loss for the period from discontinued operations	**-**	(48)	(999)
Profit for the financial period	**9,827**	5,888	14,969
Other comprehensive income			
Items that may be reclassified subsequently to profit and loss:			
Net gain on hedge of a net investment	**(4,758)**	243	(2,699)
Exchange movements on translation of foreign subsidiaries	**17,878**	(119)	10,381
Current tax on exchange movements	**-**	8	(11)
Items that will not be reclassified subsequently to profit and loss:			
Actuarial losses on defined benefit pension scheme	**(15,895)**	(319)	(5,376)
Deferred tax on actuarial losses	**2,889**	89	1,055
Impact of change in tax rates	**(439)**	457	(588)
Other comprehensive (loss) / income for the period	**(325)**	359	2,762
Total comprehensive income for the period	**9,502**	6,247	17,731
Attributable to equity holders of the parent			
From continuing operations	**9,502**	6,295	18,730
From discontinued operations	**-**	(48)	(999)

Condensed Consolidated Balance Sheet

at 31 October 2016

	Note	**Unaudited 31 October 2016 £000**	*Restated** Unaudited 31 October 2015 £000	Audited 30 April 2016 £000
Assets				
Non-current assets				
Property, plant and equipment		**139,050**	130,366	136,673
Goodwill		**131,101**	117,673	122,634
Other intangible assets		**66,269**	70,088	67,304
Investments	9	**8,250**	6,266	8,250
Trade and other receivables		**8**	-	-
		344,678	324,393	334,861
Current assets				
Inventories		**34,977**	31,767	30,725
Trade and other receivables		**62,471**	57,901	54,632
Current tax asset		**6,245**	3,079	9,284
Cash and cash equivalents	10	**16,216**	11,580	16,258
		119,909	104,327	110,899
Total assets		**464,587**	428,720	445,760
Liabilities				
Current liabilities				
Borrowings	10	**(122,977)**	(106,868)	(113,209)
Trade and other payables		**(56,306)**	(73,884)	(61,705)
Derivative financial instruments	9	**(250)**	(30)	(256)
Provisions for other liabilities		**(4,446)**	(8,222)	(3,610)
		(183,979)	(189,004)	(178,780)
Net current liabilities		**(64,070)**	(84,677)	(67,881)
Non-current liabilities				
Trade and other payables		**(9,453)**	-	(9,475)
Deferred tax liabilities		**(16,529)**	(19,273)	(18,571)
Defined benefit pension scheme deficit	12	**(43,294)**	(20,980)	(27,157)
Provisions for other liabilities		**(361)**	-	(2,626)
		(69,637)	(40,253)	(57,829)
Total liabilities		**(253,616)**	(229,257)	(236,609)
Net assets		**210,971**	199,463	209,151
Shareholders' equity				
Share capital	16	**4,921**	4,913	4,913
Share premium		**137,911**	137,422	137,422
Retained earnings		**55,636**	65,218	67,367
Other reserves		**12,503**	(8,090)	(551)
Total equity		**210,971**	199,463	209,151

*Restated (see note 17)

Condensed Consolidated Statement of Changes in Shareholders' Equity
For the half year ended 31 October 2016

	Share capital £000	Share premium £000	Retained earnings £000	Translation reserve £000	**Total £000**
Balance at 1 May 2015 (audited)	**4,907**	**137,087**	**66,721**	**(8,222)**	**200,493**
Profit for the financial period	-	-	5,888	-	**5,888**
Exchange movements on translation of foreign subsidiaries	-	-	-	124	**124**
Actuarial gains on defined benefit scheme	-	-	319	-	**319**
Tax on amounts taken directly to equity	-	-	(546)	8	**(538)**
Total comprehensive income	-	-	5,661	132	**5,793**
Recognition of share-based payments	-	-	853	-	**853**
Movement on tax arising on share-based payments	-	-	(211)	-	**(211)**
Proceeds from exercise of employee options	6	335	-	-	**341**
Consideration paid for purchase of own shares (held in trust)	-	-	(2,084)	-	**(2,084)**
Equity dividends	-	-	(5,722)	-	**(5,722)**
	6	335	(7,164)	**-**	**(6,823)**
Balance at 31 October 2015 (unaudited)	**4,913**	**137,422**	**65,218**	**(8,090)**	**199,463**
Balance at 1 May 2015 (audited)	**4,907**	**137,087**	**66,721**	**(8,222)**	**200,493**
Profit for the financial period	-	-	14,969	-	**14,969**
Exchange movements on translation of foreign subsidiaries	-	-	-	7,682	**7,682**
Actuarial losses on defined benefit scheme	-	-	(5,376)	-	**(5,376)**
Tax on amounts taken directly to equity	-	-	467	(11)	**456**
Total comprehensive loss	-	-	10,060	7,671	**17,731**
Recognition of share-based payments	-	-	1,792	-	**1,792**
Movement on tax arising on share-based payments	-	-	2	-	**2**
Proceeds from exercise of employee options	6	335	-	-	**341**
Consideration paid for purchase of own shares (held in trust)	-	-	(2,209)	-	**(2,209)**
Equity dividends	-	-	(8,999)	-	**(8,999)**
	6	335	(9,414)	**-**	**(9,073)**
Balance at 1 May 2016 (audited)	**4,913**	**137,422**	**67,367**	**(551)**	**209,151**
Profit for the financial period	-	-	9,827	-	**9,827**
Exchange movements on translation of foreign subsidiaries	-	-	-	13,054	**13,054**
Actuarial losses on defined benefit scheme	-	-	(15,895)	-	**(15,895)**
Tax on amounts taken directly to equity	-	-	2,450	-	**2,450**
Total comprehensive income	-	-	(3,618)	13,054	**9,436**
Recognition of share-based payments	-	-	979	-	**979**
Movement on tax arising on share-based payments	-	-	(51)	-	**(51)**
Proceeds from exercise of employee options	8	489	-	-	**497**
Consideration paid for purchase of own shares (held in trust)	-	-	(2,899)	-	**(2,899)**
Equity dividends	-	-	(6,142)	-	**(6,142)**
	8	489	(8,113)	**-**	**(7,616)**
Balance at 31 October 2016 (unaudited)	**4,921**	**137,911**	**55,636**	**12,503**	**210,971**

Condensed Consolidated Cash Flow Statement

For the half year ended 31 October 2016

	Note	**Unaudited 1 May to 31 October 2016 £000**	Unaudited 1 May to 31 October 2015 £000	Audited 1 May to 30 April 2016 £000
Cash flows from operating activities				
Profit before taxation from continuing operations		**10,166**	3,615	11,241
Loss before taxation from discontinued operations		**-**	(48)	(999)
Finance income		**(72)**	(14)	(11)
Finance costs	4	**1,587**	1,719	3,328
Other finance costs	4	**732**	655	1,399
Operating profit		**12,413**	5,927	14,958
Depreciation		**6,058**	4,888	10,306
Amortisation		**6,677**	6,624	13,473
Profit on disposal of property, plant and equipment		**2**	10	696
Share-based payments		**979**	853	1,792
Change in fair v alue of contingent consideration		**-**	48	999
Pension charge in excess of cash contributions		**45**	(183)	412
(Increase) / decrease in inv entories		**(2,539)**	(450)	1,503
(Increase) / decrease in trade and other receiv ables		**(5,392)**	1,643	5,388
(Decrease) / increase in trade and other payables		**(8,156)**	(2,246)	(3,057)
(Decrease) / increase in prov isions		**(22)**	2,291	143
(Increase) / decrease in financial instruments		**(6)**	(87)	139
Cash generated from operations		**10,059**	19,318	46,752
Interest paid		**(1,996)**	(1,497)	(2,791)
Tax paid		**1,769**	(1,331)	(6,548)
Net cash inflow from operating activities		**9,832**	16,490	37,413
Cash flows from investing activities				
Purchases of property, plant and equipment		**(6,212)**	(8,311)	(21,126)
Purchases of intangible assets		**-**	-	(357)
Proceeds from sale of property, plant and equipment		**-**	1,979	1,979
Net proceeds on disposal of businesses		**-**	1,549	1,548
Interest receiv ed		**72**	8	11
Purchase of equity inv estment		**-**	-	(1,984)
Net cash outflow from investing activities		**(6,140)**	(4,775)	(19,929)
Cash flows from financing activities				
Proceeds from issues of ordinary share capital		**498**	334	341
Purchase of own shares		**(2,899)**	(2,120)	(2,209)
Equity div idends paid to shareholders		**(6,142)**	(5,722)	(8,999)
Defined benefit scheme		**(796)**	-	(712)
Proceeds from new bank funding		**10,834**	5,100	14,021
Repayment of amounts borrowed		**(6,021)**	(42,601)	(48,316)
Net cash used in financing activities		**(4,526)**	(45,009)	(45,874)
Net decrease in cash and cash equivalents		**(834)**	(33,294)	(28,390)
Effects of exchange rate changes		**792**	(327)	(553)
Cash and cash equiv alents at start of period	10	**16,258**	45,201	45,201
Cash and cash equivalents at end of period	10	**16,216**	11,580	16,258

Notes to the accounts

1. Basis of preparation

The Company is a public limited company incorporated and domiciled in the UK. The address of its registered office is Breakspear Park, Breakspear Way, Hemel Hempstead, Herts HP2 4TZ. The Company is listed on the London Stock Exchange.

This condensed consolidated interim financial information was approved for issue on 5 December 2016.

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 year ended 30 April 2016 were approved by the Board of directors on 15 June 2016 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 498 of the Companies Act 2006.

This condensed consolidated interim financial information has been reviewed by the Group's auditor, not audited – see Independent Review Report.

This condensed consolidated interim financial information for the six months ended 31 October 2016 has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority (previously 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 year ended 30 April 2016, which have been prepared in accordance with IFRSs as adopted by the European Union.

Accounting policies

The accounting policies applied are consistent with those of the annual financial statements for the year ended 30 April 2016, as described in those annual financial statements except where disclosed otherwise in this note. Taxes on income in the interim periods are accrued using the estimated tax rate that would be applicable to expected total annual earnings. The Balance Sheet as at 31 October 2015 has been retrospectively restated – see note 17 for further details.

Critical accounting estimates and judgments

The preparation of interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing this condensed consolidated interim financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 30 April 2016, with the exception of changes in estimates required in determining the provision for income taxes.

Going concern

The directors have, at the time of approving the interim financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future as the Group has net debt of £106.8m at 31 October 2016 (H1 FY2016: £95.3m) and total banking facilities (using period end exchange rates) of £171.2m of which £47.1m is undrawn at 31 October 2016 and available up to September 2019. Thus they continue to adopt the going concern basis of accounting in preparing the interim financial statements.

Non-GAAP performance measures

The directors believe that the 'adjusted' profit and earnings per share measures provide additional useful information for shareholders on the underlying performance of the business. These measures are consistent with how business performance is measured internally. The adjusted profit before tax measure is not a recognised profit measure under IFRS and may not be directly comparable with 'adjusted' profit measures used by other companies.

Notes to the accounts (continued)

1. Basis of preparation (continued)

Further details on the special items can be found in note 3.

New standards, amendments and interpretations

The following accounting standards and amendments are effective for the year commencing 1 May 2016 but are not expected to have a material impact on the Group:

- Amendments to IFRS 10, IFRS 12 and IAS 28
- Amendments to IFRS 11, IFRS 14, IAS 1, IAS 16 and IAS 38, IAS 16 and IAS 41, IAS 27
- Amendments to IFRS 5, IFRS 7, IAS 19, IAS 34 - Annual Improvements

The following accounting standards relevant to the Group have not been early adopted as the Group carries out an assessment of their potential impact:

- IFRS 9 Financial Instruments
- IFRS15 Revenue from Contracts with Customers
- IAS 7 – Disclosure Initiative
- IAS 12 – Recognition of Deferred Tax Assets for Unrealised losses
- IFRS 2 – Classification and Measurement of Share Based Payment Transactions
- Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – Amendments to IFRS 4
- IFRS 16 - Leases

2. Segmental information

The Group's operating segments are determined with reference to the information which is supplied to the Executive Committee in order for it to allocate the Group's resources and to monitor the performance of the Group. Following the acquisition of Aesica Holdco Limited ("Aesica") on 12 November 2014, that information analyses the Group between two divisions, Bespak and Aesica. Prior to this acquisition, the Group only had one operating segment. The Executive Committee assesses the performance of the operating segments based on a measure of adjusted operating profit which excludes the impact of special items from the operating segments. Special items are analysed in note 3.

Consequently, the segment information provided to the Executive Committee for both of these reportable segments for the period ended 31 October 2016 is as follows:

For the six months ended 31 October 2016	Bespak £000	Aesica £000	Unallocated £000	Total £000
Revenue from products and services	58,913	86,020		144,933
Revenue by business segment	**58,913**	**86,020**		**144,933**
Segment operating profit before special items	**12,198**	**6,693**	**-**	**18,891**
Amortisation of acquired intangible assets	(414)	(6,064)		(6,478)
Segment operating profit	**11,784**	**629**		**12,413**
Finance income				72
Finance costs				(1,587)
Other finance costs				(732)
Profit before tax				**10,166**
Taxation				(339)
Profit for the financial year				**9,827**
Segmental balance sheet				
Total assets	117,263	316,418	30,906	464,587
Total liabilities	(64,126)	(73,365)	(116,125)	(253,616)
Net assets	**53,137**	**243,053**	**(85,219)**	**210,971**

Notes to the accounts (continued)

2. Segmental information (continued)

The Group's operating locations are based in the United Kingdom and Europe, with the Group also making sales in the USA and the rest of the world.

Revenue by destination from continuing operations	**Unaudited 1 May to 31 October 2016 £000**	Unaudited 1 May to 31 October 2015 £000	Audited 1 May to 30 April 2016 £000
United Kingdom	**20,794**	19,861	30,426
United States of America	**12,364**	12,431	41,078
Europe	**100,722**	84,890	171,010
Rest of the world	**11,053**	18,366	34,396
Revenue from continuing operations	**144,933**	135,548	276,910

3. Special items	**Unaudited 1 May to 31 October 2016 £000**	Unaudited 1 May to 31 October 2015 £000	Audited 1 May to 30 April 2016 £000
Acquisition-related expenses	**-**	-	(1,344)
Integration costs	**-**	(4,020)	(6,534)
Amortisation of acquisition-related intangible assets	**(6,478)**	(6,473)	(13,140)
	(6,478)	(10,493)	(21,018)
Special items before taxation from continuing operations	**(6,478)**	(10,493)	(21,018)
Special tax item – recognition of capital losses	**-**	1,078	1,078
Special tax item – recognition of capital allowances	**-**	-	955
Special tax item – other prior year and lookback period adjustments	**-**	-	534
Special tax item – deferred tax credit as a result of the corporate rate change	**525**	1,132	1,137
Tax on special items	**1,808**	2,774	5,204
Special items after taxation from continuing operations	**(4,145)**	(5,508)	(12,110)

- Acquisition-related expenses in the prior year to 30 April 2016 include advisory costs in respect of the Bespak pension scheme and in evaluation of potential transactions.

- Integration costs in the prior year are in relation to restructuring activity following the completion of the integration programme at Aesica; mainly employee and property or move related in nature.

- Amortisation of acquired intangible assets represents the charge for other intangible assets within Aesica (acquired in 2014) of £6.1m and £0.4m in relation to The Medical House acquired in 2009.

- A special tax item of £1.1m was recognised in the prior year as a result of the recognition of deferred tax on capital losses.

- A special tax item of £1.0m was recognised in the prior year as a capital allowance review was carried out in the year which resulted in assets being reclassified from non-qualifying to qualifying.

Notes to the accounts (continued)

3. Special items (continued)

- A special tax item of £0.5m was recognised in the prior year as the impact of a number of prior year adjustments made.

- A special tax item of £0.5m also arises in the current period (H1 FY2016: £1.1m, FY2016: £1.1m) in respect of a significant tax credit as the Group's deferred tax assets and liabilities were revalued using the lower rate of UK Corporate Tax of 17% from 1 April 2020 (reduced from 18%).

Special items from discontinued operations are described in note 15.

4. Finance costs

	Unaudited 1 May to 31 October 2016 £000	Unaudited 1 May to 31 October 2015 £000	Audited 1 May to 30 April 2016 £000
Interest on bank overdrafts and loans including amortised fees	**(1,587)**	(1,719)	(3,328)
Total finance costs	**(1,587)**	(1,719)	(3,328)

Other finance costs			
Net interest cost on defined benefit scheme	**(427)**	(342)	(667)
Foreign exchange losses	**(305)**	(313)	(732)
Total other finance costs	**(732)**	(655)	(1,399)

5. Taxation

	Unaudited 1 May to 31 October 2016 £000	Unaudited 1 May to 31 October 2015 £000	Audited 1 May to 30 April 2016 £000
Current income tax from continuing operations			
UK corporation tax	**909**	1,175	975
Adjustments in respect of prior periods	**(206)**	-	(1,953)
Foreign tax	**1,448**	653	1,130
Deferred taxation	**(1,812)**	(4,149)	(4,879)
Income tax expense / (credit) reported in the consolidated income statement	**339**	(2,321)	(4,727)
The tax charge from continuing operations is analysed between:			
Tax on profit before special items	**2,672**	2,664	4,181
Special tax item – recognition of capital losses	**-**	(1,078)	(1,078)
Special tax item – recognition of capital allowances	**-**	-	(955)
Special tax item – other prior year adjustments	**-**	-	(534)
Special tax item – deferred tax credit as a result of the corporate rate change	**(525)**	(1,133)	(1,137)
Tax on special items	**(1,808)**	(2,774)	(5,204)
Income tax expense / (credit) reported in the consolidated income statement	**339**	(2,321)	(4,727)

Special tax items above are described further in note 3.

Notes to the accounts (continued)

6. Earnings per share

	Unaudited 1 May to 31 October 2016 £000	Unaudited 1 May to 31 October 2015 £000	Audited 1 May to 30 April 2016 £000
The calculation of earnings per ordinary share is based on the following:			
Continuing operations (basic and diluted)			
Profit for the period – attributable to ordinary shareholders	**9,827**	5,936	15,968
Add back: Special items after taxation	**4,145**	5,508	12,110
Adjusted earnings	**13,972**	11,444	28,078
Discontinued operations (basic and diluted)			
Loss / (Profit) for the period – attributable to ordinary shareholders	**-**	(48)	(999)
Add back: Special items after taxation	**-**	48	999
Adjusted earnings	**-**	-	-
Total (basic and diluted)			
Profit for the period – attributable to ordinary shareholders	**9,827**	5,888	14,969
Add back: Special items after taxation	**4,145**	5,556	13,109
Adjusted earnings	**13,972**	11,444	28,078
Number of shares			
Weighted average number of ordinary shares in issue for basic earnings	**49,154,593**	49,090,720	49,110,569
Weighted average number of shares owned by Employee Share Ownership Trust	**(300,759)**	(374,130)	(338,024)
Average number of ordinary shares for in issue for basic earnings	**48,853,834**	48,716,590	48,772,545
Dilutive impact of share options outstanding	**622,701**	571,474	631,856
Diluted weighted average number of ordinary shares in issue	**49,476,535**	49,288,064	49,404,401
	Pence	Pence	Pence
Continuing operations			
Adjusted basic earnings per share	**28.6**	23.5	57.6
Unadjusted basic earnings per share	**20.1**	12.2	32.7
Adjusted diluted earnings per share	**28.2**	23.2	56.8
Unadjusted diluted earnings per share	**19.9**	12.0	32.3
Continuing and discontinued operations			
Unadjusted basic earnings per share	**20.1**	12.1	30.7
Unadjusted diluted earnings per share	**19.9**	11.9	30.3

Notes to the accounts (continued)

7. Dividends

	Unaudited 1 May to 31 October 2016 £000	Unaudited 1 May to 31 October 2015 £000	Audited 1 May to 30 April 2016 £000
Final dividend for the year ended 30 April 2016 of 12.56p per share (2016: final dividend for 2015 of 11.68p per share)	**6,142**	5,722	5,703
Interim dividend paid in 2016: 6.75p per share	**-**	-	3,296
	6,142	5,722	8,999

The directors are proposing an interim dividend for the year ending 30 April 2017 of 7.09p per share which will absorb an estimated £3.5 million of shareholders' equity. It will be paid on 17 February 2017 to shareholders who are on the register on 20 January 2017.

8. Capital expenditure

In the period there were additions to property, plant and equipment of £5.7 million (H1 FY2016: £9.3 million). Capital commitments contracted for but not provided for by the Group amounted to £5.4 million (H1 FY2016: £6.5 million).

9. Financial assets and liabilities

The following table sets out the classification of the Group's financial assets and liabilities. Receivables and payables have been included to the extent that they are classified as financial assets and liabilities in accordance with IAS 32, Financial Instruments: Presentation. Provisions have been included where there is a contractual obligation to settle in cash.

Financial assets	**Unaudited 31 October 2016 £000**	Unaudited 31 October 2015 £000	Audited 30 April 2016 £000
Cash and cash equivalents*	**16,216**	11,580	16,258
Trade receivables	**46,765**	45,665	45,186
Other receivables	**8,688**	7,130	3,659
Total loans and receivables *	**55,453**	52,795	48,845
Available for sale financial asset – contingent consideration	**-**	950	-
Equity investments	**8,250**	6,266	8,250
Total available-for-sale financial assets	**8,250**	7,216	8,250

Financial liabilities	**Unaudited 31 October 2016 £000**	Unaudited 31 October 2015 £000	Audited 30 April 2016 £000
Trade payables	**(26,017)**	(25,641)	(27,225)
Other creditors and accruals	**(21,101)**	(28,309)	(26,978)
Interest bearing loans and borrowings	**(124,118)**	(108,401)	(114,547)
Total amortised cost *	**(171,236)**	(162,351)	(168,750)
Currency exchange contracts	**(250)**	(30)	(256)
Total fair value through profit and loss financial liabilities	**(250)**	(30)	(256)

* The directors consider that the carrying value of amounts of these financial assets and liabilities recorded at amortised cost in the financial statements are approximately equal to their fair values.

Notes to the accounts (continued)

9. Financial assets and liabilities (continued)

All financial liabilities have a contractual maturity date that is less than 12 months from the balance sheet date. The equity investments in Atlas Genetics Limited and Precision Ocular Limited are unquoted investments and therefore held at cost, less any provision for impairment as their fair value cannot be measured reliably in the absence of an active market.

Interest bearing loans and borrowings includes a borrowing of £37.4m at 31 October 2016 (H1 FY2016: £27.3m) which has been designated as a hedge of the net investments in the two subsidiaries in Germany and Italy, Aesica Pharmaceuticals GmbH. and Aesica Pharmaceuticals S.r.l. This borrowing is being used to hedge the Group's exposure to the euro exchange risk on these investments. Gains or losses on the retranslation of this borrowing are transferred to OCI to offset any gains or losses on translation of the net investments in the subsidiaries.

Financial assets at fair value

	Level 1 £000	**Level 2 £000**	**Level 3 £000**	**Total £000**
At 31 October 2016				
Available for sale financial asset – contingent consideration	**-**	**-**	**-**	**-**
At 31 October 2015				
Available for sale financial asset – contingent consideration	-	-	950	950
At 30 April 2016				
Available for sale financial asset – contingent consideration	-	-	-	-

Financial liabilities at fair value

	Level 1 £000	**Level 2 £000**	**Level 3 £000**	**Total £000**
At 31 October 2016				
Currency exchange contracts	**-**	**(250)**	**-**	**(250)**
At 31 October 2015				
Currency exchange contracts	-	(30)	-	(30)
At 30 April 2016				
Currency exchange contracts	-	(256)	-	(256)

Under the terms of the disposal of King Systems, completed on 15 February 2013, the purchaser, Ambu A/S, was due to pay amounts of consideration contingent upon the performance of King following disposal. The financial asset at 31 October 2015 related to the final payment for the sales of King Vision products for the year ending 30 April 2016. King Vision sales by Ambu in FY2016 were insufficient to trigger a further contingent consideration payment to Consort Medical, therefore the remaining contingent consideration was reduced to nil at 30 April 2016.

Notes to the accounts (continued)

10. Analysis of net debt

	Unaudited 31 October 2016 £000	Unaudited 31 October 2015 £000	Audited 30 April 2016 £000
Current assets:			
Cash and cash equivalents	**16,216**	11,580	16,258
	16,216	11,580	16,258
Group borrowings:			
Interest-bearing loans and borrowings	**(124,118)**	(108,401)	(114,547)
Unamortised facility fees	**1,141**	1,533	1,338
Net borrowings	**(122,977)**	(106,868)	(113,209)
Net debt	**(106,761)**	(95,288)	(96,951)

In September 2014, the Group cancelled its $56m multicurrency revolving facility and £40m multicurrency revolving facility and signed a new £160m multicurrency revolving facility. The Group also has a £65m "accordion" facility by which further facilities may be made available by Barclays, Lloyds, RBS and Santander under the current terms to support significant investment or acquisition opportunities which may arise. The revolving credit facilities expire in September 2019. Whilst the multi-year revolving committed credit facility does not expire for nearly three years, the debt within this is disclosed as less than one year on the balance sheet, as it is drawn for one-month periods, and then redrawn as appropriate to minimise the amount of debt drawn relative to the Group's needs to minimise the interest payable. The undrawn facilities are unsecured. The bank loans and overdrafts are subject to cross-guarantees between Group undertakings. Interest on the multicurrency revolving credit facility is charged at LIBOR plus a margin of between 1.65% and 1.90%, depending upon the ratio of net debt to EBITDA (earnings before interest, tax, depreciation and amortisation), and on UK overdrafts at 1.75% above UK base rate.

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

	Unaudited 1 May to 31 October 2016 £000	Unaudited 1 May to 31 October 2015 £000	Audited 1 May to 30 April 2016 £000
Net debt at the beginning of the period	**(96,951)**	(99,213)	(99,213)
Net (increase) / decrease in cash and short-term borrowings	**(5,069)**	4,198	5,590
Effects of exchange rate changes	**(4,536)**	283	(2,698)
Amortisation of facility fees	**(197)**	(198)	(393)
Other non-cash movements	**(8)**	(358)	(237)
Net debt at the end of the period	**(106,761)**	(95,288)	(96,951)

Notes to the accounts (continued)

12. Defined benefit pension scheme deficit

	Unaudited 1 May to 31 October 2016 £000	Unaudited 1 May to 31 October 2015 £000	Audited 1 May to 30 April 2016 £000
Pension deficit at start of the period	**27,157**	21,147	21,147
Current service cost	**44**	790	1,479
Interest income	**(1,556)**	(1,685)	(3,371)
Interest cost	**1,985**	2,026	4,038
Return on scheme assets excluding interest	**(10,475)**	4,768	5,728
Effect of demographic adjustments	**-**	-	(568)
Loss / (gain) from changes in financial assumptions	**26,370**	(5,087)	216
Employer contributions	**(797)**	(983)	(1,776)
Payments from plans	**-**	-	(6)
Foreign exchange	**566**	4	270
Pension deficit at end of the period	**43,294**	20,980	27,157

13. Related party transactions

The Group's significant related parties are its subsidiaries as disclosed in the Consort Medical plc annual report for the year ended 30 April 2016. There were no material related party transactions in the period.

14. Principal risks and uncertainties

The principal risks and uncertainties which could impact the Group's long-term performance remain those detailed on pages 26 to 28 of the Group's 2016 Annual Report & Accounts, a copy of which is available on the Group's website www.consortmedical.com. The risks are summarised below:

- Reliance upon key customers / products
- Major operational incident
- Growth risk
- Acquisition risk
- Legal risk
- Political / Socio-economic risk
- Development risk
- Product quality failure
- Corporate Social Responsibility
- Regulatory risk
- IT / Cyber risk
- Human Resources risk
- Financial risks including currency risk, interest rate risk, liquidity and leverage risk
- Pension risk

In the period the Group has recognised two additional principal risks:

- Impact of Brexit **-** The vote to leave the EU has resulted in some uncertainty, including currency volatility and a significant weakening of sterling. Whilst the weakening of sterling has had a beneficial translation impact on the Group's sterling results, it continues to monitor the impact of Brexit on its principal risks and any direct or indirect resultant complexities this may bring.

- Distributable reserves - Following the Brexit vote and subsequent changes in UK monetary policy, corporate bond yields have fallen sharply, leading to substantial increases in the Bespak pension deficit. The Group continues to monitor the impact of this on its ability to pay dividends in future periods.

Notes to the accounts (continued)

15. Discontinued operations

The results arising from King Systems are classified as discontinued operations and special items and have been included in the consolidated income statement as follows:

	Unaudited 1 May to 31 October 2016 £000	Unaudited 1 May to 31 October 2015 £000	Audited 1 May to 30 April 2016 £000
Loss on disposal: movement in fair value of contingent consideration	-	(48)	(999)
Loss before tax on discontinued operations	-	(48)	(999)
Net loss on discontinued operations attributable to the owners of the Company	-	(48)	(999)

16. Share capital

Share capital as at 31 October 2016 amounted to £4.9 million (April 2016: £4.9 million). During the period, the Group issued 75,590 shares as part of exercises under the Consort Savings Related Share Option Scheme for total consideration of £0.5 million.

The Group purchases its own shares using an Employee Share Ownership Trust (ESOT) to satisfy entitlements under the Group's long-term incentive plan. The cost of the shares held by the ESOT is deducted from retained earnings. The Group purchased 276,244 shares for a consideration of £2.9 million during the period (H1 FY2016: £2.1 million, FY2016: £2.2 million). As at 31 October 2016, the ESOT held a total of 300,375 ordinary shares (30 April 2016: 301,521 shares) at a cost of £2.8 million (30 April 2016: £2.5 million) and market value of £2.3 million (30 April 2016: £2.3 million).

17. Acquisition of subsidiary

On 12 November 2014, the Group acquired 100 per cent of the issued share capital of Aesica Holdco Limited, obtaining control of Aesica Holdco Limited ('Aesica'). The goodwill balance as at 31 October 2016 in relation to Aesica is £115.3m (FY 2016: £106.8m).

During the year ended 30 April 2016, the Group completed the initial accounting for the acquisition as disclosed in the 2016 annual report and accounts. Therefore, as set out in the table below, the 31 October 2015 comparative information has been adjusted retrospectively to amend the provisional fair values of the identifiable assets acquired and liabilities assumed as at the date of acquisition. The financial statements for the year ended 30 April 2016 included the same restatement to its 30 April 2015 comparatives.

Notes to the accounts (continued)

17. Acquisition of subsidiary (continued)

The fair values of the identifiable assets acquired and liabilities assumed as at the date of acquisition were as set out in the table below:

	Provisional fair values as previously reported	Restatement	*Restated* Fair value recognised on acquisition
	£000	£000	£000
Assets			
Property, plant and equipment	71,312	(5,713)	**65,599**
Cash and cash equivalents	6,221	-	**6,221**
Trade receivables	33,307	(1,288)	**32,019**
Inventory	26,930	41	**26,971**
Identified intangible assets	82,299	-	**82,299**
Other intangible assets	410	-	**410**
Current tax	1,765	(1,578)	**187**
Other receivables	3,550	(38)	**3,512**
Total identified assets	225,794	(8,576)	**217,218**
Liabilities			
Trade and other payables	(24,377)	-	**(24,377)**
Accruals, deferred income , provisions and other payables	(46,079)	(1,022)	**(47,101)**
Deferred tax liability	(29,812)	4,029	**(25,783)**
Total identified liabilities	(100,268)	3,007	**(97,261)**
Net identified assets	125,526	(5,569)	**119,957**
Goodwill	101,103	5,569	**106,672**
Total consideration	226,629	-	**226,629**

The significant adjustments made to fair values were as follows:

- Property, plant and equipment – decrease of £5.7m as a result of concluding a detailed review and valuation exercise
- Trade receivables – decrease of £1.3m to increase provisions against old debtor balances and credit notes
- Accruals, deferred income, provisions and other payables – decrease of £1.0m mainly as a result of new information obtained which reflects circumstances in existence at the acquisition date
- Current tax – decrease of £1.6m to record additional provisions
- Deferred tax – increase of £2.1m on the non-tax related opening balance sheet adjustments above
- Deferred tax – since 31 October 2015, a deferred tax asset of £1.9m has been recognised as the amount of spend treated as qualifying for capital allowances has been reduced by customer contributions in Aesica which were received pre-acquisition. The impact of this change has been to decrease goodwill by the same amount.

The directors have not restated the income statement for the year ended 30 April 2015 for the effect of this restatement as it was not material.