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 2013. A list of current directors is maintained on the Consort Medical plc website:
www.consortmedical.com.

By order of the Board

Richard Cotton
Group Finance Director
3 December 2013

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 2013, 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 Conduct 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 Conduct 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 2013 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 Conduct Authority.

PricewaterhouseCoopers LLP
Chartered Accountants
Cambridge
3 December 2013

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.

Consolidated Income Statement

For the half year ended 31 October 2013

	Note	Unaudited 1 May to 31 October 2013 £000	Unaudited 1 May to 31 October 2012* £000	Audited 1 May to 30 April 2013* £000
Revenue	2	**51,183**	48,081	95,044
Operating expenses		**(41,623)**	(38,958)	(76,967)
Operating profit before special items		**9,560**	9,123	18,077
Special items	3	**(646)**	(924)	(1,521)
Operating profit		**8,914**	8,199	16,556
Finance income		**121**	21	92
Finance costs		**(469)**	(1,118)	(2,053)
Other finance costs	4	**(273)**	(72)	(200)
Profit before tax and special items		**8,939**	7,954	15,916
Special items	3	**(646)**	(924)	(1,521)
Profit before tax		**8,293**	7,030	14,395
Tax on profit before special items	5	**(1,903)**	(1,980)	(3,132)
Special items - tax	3	**996**	279	(376)
Tax	5	**(907)**	(1,701)	(3,508)
Profit for the financial period from continuing operations		**7,386**	5,329	10,887
Profit for the financial period from discontinued operations	15	**(403)**	1,552	13,297
Profit for the financial period		**6,983**	6,881	24,184

	Note	Unaudited 1 May to 31 October 2013	Unaudited 1 May to 31 October 2012*	Audited 1 May to 30 April 2013*
Earnings per share, attributable to the ordinary equity holders of the parent				
From continuing operations:				
Basic earnings per ordinary share	6	**25.7p**	18.6p	37.9p
Diluted earnings per ordinary share	6	**25.1p**	17.8p	36.8p
From continuing and discontinued operations:				
Basic earnings per ordinary share	6	**24.3p**	24.0p	84.2p
Diluted earnings per ordinary share	6	**23.8p**	22.9p	81.7p

Non-GAAP measures				
From continuing operations:		**£000**	£000	£000
Profit before tax before special items		**8,939**	7,954	15,916
Profit after tax before special items		**7,036**	5,974	12,784
Adjusted basic earnings per ordinary share	6	**24.5p**	20.8p	44.5p
Adjusted diluted earnings per ordinary share	6	**23.9p**	19.9p	43.2p

* As restated. See note 1.

Consolidated Statement of Comprehensive Income

For the half year ended 31 October 2013

	Unaudited 1 May to 31 October 2013	Unaudited 1 May to 31 October 2012*	Audited 1 May to 30 April 2013*
	£000	£000	£000
Profit for the period from continuing operations	**7,386**	5,329	10,887
Profit for the period from discontinued operations	**(403)**	1,552	13,297
Profit for the financial period	**6,983**	6,881	24,184
Other comprehensive income			
Items that may be reclassified subsequently to profit and loss:			
Fair value movements on cash flow hedges	**-**	78	157
Deferred tax on fair value movements on cash flow hedges	**-**	(19)	(38)
Cash flow hedges transferred from reserves on disposal of businesses	**-**	-	275
Exchange movements on translation of foreign subsidiaries	**(2)**	415	1,791
Current tax on exchange movements	**2**	(45)	(24)
Foreign exchange transferred from reserves on disposal of businesses	**-**	-	(2,693)
Items that will not be reclassified subsequently to profit and loss:			
Actuarial gains / (losses) on defined benefit pension scheme	**3,097**	(1,297)	(8,158)
Deferred tax on actuarial (gains) / losses	**(712)**	311	1,961
Impact of change in tax rates	**(524)**	(141)	(210)
Other comprehensive income / (loss) for the period	**1,861**	(698)	(6,939)
Total comprehensive income for the period	**8,844**	6,183	17,245
Attributable to equity holders of the parent			
From continuing operations	**9,247**	4,261	5,447
From discontinued operations	**(403)**	1,922	11,798

* As restated. See note 1.

Consolidated Balance Sheet

at 31 October 2013

	Note	**Unaudited 1 May to 31 October 2013 £000**	Unaudited 1 May to 31 October 2012 £000	Audited 1 May to 30 April 2013 £000
Assets				
Non-current assets				
Property, plant and equipment	8	**42,034**	59,563	40,280
Goodwill		**15,800**	60,008	15,800
Other intangible assets		**5,515**	12,205	5,826
Investments	9	**3,650**	2,548	3,650
Trade and other receivables	9	**3,722**	-	5,424
		70,721	134,324	70,980
Current assets				
Inventories		**11,111**	16,636	11,745
Trade and other receivables	9	**26,436**	22,272	22,778
Derivative financial instruments	9	**-**	16	-
Current tax assets		**-**	590	-
Cash and cash equivalents		**33,628**	12,319	36,966
		71,175	51,833	71,489
Total assets		**141,896**	186,157	142,469
Liabilities				
Current liabilities				
Borrowings		**(2)**	(3)	(2)
Trade and other payables	9	**(17,807)**	(22,120)	(19,810)
Derivative financial instruments	9	**(9)**	(462)	(55)
Current tax liabilities		**(2,330)**	(3,477)	(2,061)
Provisions for other liabilities		**(816)**	(2,900)	(687)
		(20,964)	(28,962)	(22,615)
Net current assets		**50,211**	22,871	48,874
Non-current liabilities				
Borrowings		**-**	(50,843)	-
Deferred tax liabilities		**(2,520)**	(6,212)	(2,381)
Defined benefit pension scheme deficit	12	**(9,101)**	(4,779)	(11,766)
Provisions for other liabilities		**(1,864)**	(507)	(1,952)
		(13,485)	(62,341)	(16,099)
Total liabilities		**(34,449)**	(91,303)	(38,714)
Net assets		**107,447**	94,854	103,755
Shareholders' equity				
Share capital	16	**2,927**	2,919	2,921
Share premium		**33,665**	33,363	33,406
Retained earnings		**70,681**	57,437	67,254
Other reserves		**174**	1,135	174
Total equity		**107,447**	94,854	103,755

Consolidated Statement of Changes in Shareholders' Equity

For the half year ended 31 October 2013

	Share capital	Share premium	Retained earnings	Cash flow hedge reserve	Translation reserve	**Total**
	£000	£000	£000	£000	£000	**£000**
Balance at 1 May 2012 (audited)	2,901	32,667	54,009	(394)	1,100	**90,283**
Profit for the financial period	-	-	6,881	-	-	**6,881**
Exchange movements on translation of foreign subsidiaries	-	-	-	-	415	**415**
Actuarial losses on defined benefit scheme	-	-	(1,297)	-	-	**(1,297)**
Fair value movements on cash flow hedges	-	-	-	78	-	**78**
Tax on amounts taken directly to equity	-	-	170	(19)	(45)	**106**
Total comprehensive income	-	-	5,754	59	370	**6,183**
Recognition of share-based payments	-	-	756	-	-	**756**
Movement on tax arising on share-based payments	-	-	401	-	-	**401**
Proceeds from exercise of employee options	18	696	-	-	-	**714**
Equity dividends	-	-	(3,483)	-	-	**(3,483)**
	18	696	(2,326)	-	-	**(1,612)**
Balance at 31 October 2012 (unaudited)	**2,919**	**33,363**	**57,437**	**(335)**	**1,470**	94,854
Balance at 1 May 2012 (audited)	2,901	32,667	54,009	(394)	1,100	**90,283**
Profit for the financial period	-	-	24,184	-	-	**24,184**
Exchange movements on translation of foreign subsidiaries	-	-	-	-	1,791	**1,791**
Amounts transferred from reserves on disposal of businesses	-	-	-	275	(2,693)	**(2,418)**
Actuarial losses on defined benefit scheme	-	-	(8,158)	-	-	**(8,158)**
Fair value movements on cash flow hedges	-	-	-	157	-	**157**
Tax on amounts taken directly to equity	-	-	1,751	(38)	(24)	**1,689**
Total comprehensive income/(loss)	-	-	17,777	394	(926)	**17,245**
Recognition of share-based payments	-	-	1,587	-	-	**1,587**
Movement on tax arising on share-based payments	-	-	381	-	-	**381**
Proceeds from exercise of employee options	20	739	-	-	-	**759**
Consideration paid for purchase of own shares (held in trust)	-	-	(1,000)	-	-	**(1,000)**
Equity dividends	-	-	(5,500)	-	-	**(5,500)**
	20	739	(4,532)	-	-	**(3,773)**
Balance at 30 April 2013	**2,921**	**33,406**	**67,254**	**-**	**174**	**103,755**
Profit for the financial period	-	-	6,983	-	-	**6,983**
Exchange movements on translation of foreign subsidiaries	-	-	-	-	(2)	**(2)**
Actuarial gains on defined benefit scheme	-	-	3,097	-	-	**3,097**
Tax on amounts taken directly to equity	-	-	(1,236)	-	2	**(1,234)**
Total comprehensive income	-	-	8,844	-	-	**8,844**
Recognition of share-based payments			1,011	-	-	**1,011**
Movement on tax arising on share-based payments	-	-	79	-	-	**79**
Proceeds from exercise of employee options	6	259	-	-	-	**265**
Consideration paid for purchase of own shares (held in trust)	-	-	(2,848)	-	-	**(2,848)**
Equity dividends	-	-	(3,659)	-	-	**(3,659)**
	6	259	(5,417)	**-**	**-**	**(5,152)**
Balance at 31 October 2013	**2,927**	**33,665**	**70,681**	**-**	**174**	**107,447**

Consolidated Cash Flow Statement

For the half year ended 31 October 2013

	Note	**Unaudited 1 May to 31 October 2013 £000**	Unaudited 1 May to 31 October 2012* £000	Audited 1 May to 30 April 2013* £000
Cash flows from operating activities				
Profit before taxation from continuing operations		**8,293**	7,030	14,395
(Loss) / profit before taxation from discontinued operations		**(403)**	1,728	13,212
Finance income		**(121)**	(21)	(92)
Finance costs		**469**	1,118	2,064
Other finance costs		**273**	72	200
Operating profit		**8,511**	9,927	29,779
Depreciation		**2,711**	3,549	6,488
Amortisation		**495**	1,171	2,216
Profit on disposal of businesses		**-**	-	(10,915)
Profit on disposal of property, plant and equipment		**(10)**	(30)	(14)
Impairment expense		**-**	5	-
Share-based payments		**1,011**	756	1,399
Change in fair value of contingent consideration		**243**	-	(186)
Pension charge in excess of cash contributions		**181**	6	26
Decrease / (increase) in inventories		**634**	650	(202)
Increase in trade and other receivables		**(2,370)**	(3,857)	(3,257)
(Decrease) / increase in trade and other payables		**(2,120)**	(1,661)	1,626
Increase / (decrease) in provisions		**20**	(318)	(1,054)
(Increase) / decrease in financial instruments		**(34)**	79	150
Cash generated from operations		**9,272**	10,277	26,056
Interest paid		**(358)**	(1,377)	(2,465)
Tax paid		**(1,654)**	(855)	(3,576)
Net cash inflow from operating activities		**7,260**	8,045	20,015
Cash flows from investing activities				
Purchases of property, plant and equipment		**(4,350)**	(5,745)	(9,969)
Purchases of intangible assets		**(144)**	(615)	(1,024)
Proceeds from sale of property, plant and equipment		**10**	270	322
Net proceeds on disposal of businesses	15	**-**	-	74,697
Interest received		**128**	21	70
Purchase of equity investment		**-**	-	(1,102)
Net cash generated (used in) / from investing activities		**(4,356)**	(6,069)	62,994
Cash flows from financing activities				
Proceeds from issues of ordinary share capital		**265**	714	759
Purchase of own shares		**(2,848)**	-	(1,000)
Equity dividends paid to shareholders		**(3,659)**	(3,483)	(5,500)
Proceeds from new bank funding		**-**	3,000	3,000
Repayment of amounts borrowed		**-**	(4,000)	(57,069)
Upfront loan facility fees		**-**	(842)	(842)
Finance lease payments		**-**	-	(1)
Net cash used in from financing activities		**(6,242)**	(4,611)	(60,653)
Net (decrease) / increase in cash and cash equivalents		**(3,338)**	(2,635)	22,356
Effects of exchange rate changes		**-**	269	(75)
Cash and cash equivalents at start of period		**36,966**	14,685	14,685
Cash and cash equivalents at end of period	10	**33,628**	12,319	36,966

* As restated. See note 1.

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 3 December 2013.

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 2013 were approved by the Board of directors on 12 June 2013 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, not audited.

This condensed consolidated interim financial information for the six months ended 31 October 2013 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 2013, 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 2013, 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.

Critical accounting estimates and judgments

The preparation of interim financial statements 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 these condensed interim financial statements, 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 2013.

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. 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.

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

Notes to the accounts

1. Basis of preparation (continued)

New standards, amendments and interpretations

The following new standards and amendments have been applied for the first time during the year commencing 1 May 2013:

IAS 19 (revised) "Employee benefits" amends the accounting for employment benefits. The group has applied the standard retrospectively in accordance with the transition provisions of the standard. The impact on the group has been as follows:

- The standard replaces the interest cost on the defined benefit obligation and the expected return on plan assets with a net interest cost based on the net defined benefit asset or liability and the discount rate, measured at the beginning of the year. There is no change to determining the discount rate; this continues to reflect the yield on high-quality corporate bonds. This has increased the income statement charge as the discount rate applied to assets is lower than the expected return on assets. This has no effect on total comprehensive income as the increased charge in profit or loss is offset by a credit in other comprehensive income. The effect has been that the income statement charge for the period to 31 October 2012 has increased by £129,000 and for the year to 30 April 2013 by £272,000.
- Under IAS 19, interest on the service cost was allowed to be apportioned between net finance costs and service costs in the income statement. Under the revised standard, the Company is required to report all of this interest within the service cost. This has increased operating expenses and reduced finance costs for the period to 31 October 2012 by £6,000 and for the year to 30 April 2013 by £26,000. There is no impact on total profit.
- The tax effect of the above entries reduces the tax charge in the income statement and increase the tax charge in equity by £30,000 in the period to 31 October 2013 and £63,000 for the year to 30 April 2013.
- There is a new term ‘‘remeasurements’’. This is made up of actuarial gains and losses, the difference between actual investment returns and the return implied by the net interest cost.
- The effect of the change in accounting policy has no impact on the consolidated balance sheet or consolidated cash flow statement and the impact on earnings per share is immaterial.

IFRS 13 “Fair value measurement” measurement and disclosure requirements are applicable for the financial year commencing 1 May 2013. The Group has included the relevant disclosure requirements within note 9.

Amendments to IAS 1 “Presentation of financial statements” are applicable for the financial year commencing 1 May 2013. The Group has included the relevant disclosure requirements within the interim financial statements.

In addition, IFRS 10 “Consolidated financial statements”, IFRS 11 “Joint arrangements”, and IFRS 12 “Disclosure of interests in other entities” are applicable for the financial year commencing 1 May 2013 and have not had a material impact on the Group.

There are no new standards that have been issued but are not yet effective for the financial year commencing 1 May 2013, that are expected to have a material impact on the Group.

Discontinued operations

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sales, or is a subsidiary acquired exclusively with a view to resale. Classification of a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative income statement is presented as if the operation had been classified as discontinued from the start of the comparative period. The disposal of King Systems, as described in note 15, gives rise to a discontinued operation and restatement of comparatives.

Changes to accounting policy

With the scale and incidence of new business investment developments, the directors have reassessed the judgments made in accounting for tooling and equipment revenue, and have changed their accounting policy:

- From: accounting on a gross basis (i.e. recognising gross revenue from tooling and equipment with the related cost recorded in operating expenses);
- To: accounting for this on a net basis, having regard to the transfer of risks and rewards.

This accounting policy change is reflected as a prior year adjustment with comparatives restated accordingly with a reduction in both revenue and operating expenses for the year ended 30 April 2013 of £6.3m (H1 FY2013: £2.1m).

Notes to the accounts

2. Revenue

The Group's operations are based in the UK.

Revenue by destination from continuing operations	**Unaudited 1 May to 31 October 2013**	Unaudited 1 May to 31 October 2012*	Audited 1 May to 30 April 2013*
	£000	£000	£000
United Kingdom	**10,375**	7,659	22,058
United States of America	**7,511**	7,251	9,451
Europe	**25,801**	27,127	51,595
Rest of the world	**7,496**	6,044	11,940
Revenue from continuing operations	**51,183**	48,081	95,044

* As restated. See note 1.

3. Special items

	Unaudited 1 May to 31 October 2013	Unaudited 1 May to 31 October 2012*	Audited 1 May to 30 April 2013
	£000	£000	£000
Employee severance costs	**-**	-	(102)
Plant restructuring and recall costs	**-**	(507)	(507)
Acquisition-related expenses	**(232)**	-	(83)
Amortisation of acquisition-related intangible assets	**(414)**	(417)	(829)
Special items before taxation from continuing operations	**(646)**	(924)	(1,521)
Special tax item – deferred tax credit as a result of the UK Corporate rate change	**902**	-	-
Special tax item – deferred tax charge as a result of change of use of industrial building	**-**	-	(752)
Tax on special items	**94**	279	376
Special items - tax	**996**	279	(376)
Special items after taxation from continuing operations	**350**	(645)	(1,897)

* As restated. See note 1.

Amortisation of acquired intangible assets represents the charge for other intangible assets acquired with The Medical House in 2009.

Acquisition-related expenses are diligence costs incurred in investigating potential investment opportunities.

The special tax item is in respect of a significant tax credit arising as the Group's deferred tax assets and liabilities are revalued using the lower rate of UK Corporate Tax of 20% (reduced from 23%).

In the prior year employee severance costs were in respect of the restructuring of UK operations. Plant restructuring and recall costs included a charge for an onerous property lease. The special tax item was in respect of a one off tax charge arising due to the re-opening of the site at Milton Keynes which changed the tax basis of the valuation of the industrial buildings requiring the recognition of a deferred tax liability.

Special items from discontinued operations are described in note 15.

Notes to the accounts

4. Other finance costs

	Unaudited 1 May to 31 October 2013	Unaudited 1 May to 31 October 2012*	Audited 1 May to 30 April 2013*
	£000	£000	£000
Expected return on defined benefit scheme assets	**1,708**	1,700	3,400
Interest cost on defined benefit scheme liabilities	**(1,956)**	(1,772)	(3,544)
Net interest cost on defined benefit scheme	**(248)**	(72)	(144)
Unwinding of discount on provisions	**(25)**	-	(56)
Net other finance costs	**(273)**	(72)	(200)

* As restated. See note 1.

5. Taxation

	Unaudited 1 May to 31 October 2013	Unaudited 1 May to 31 October 2012*	Audited 1 May to 30 April 2013*
	£000	£000	£000
Current income tax from continuing operations			
UK corporation tax	**2,121**	2,749	3,890
Deferred taxation	**(1,214)**	(1,048)	(382)
Income tax expense reported in the consolidated income statement	**907**	1,701	3,508
The tax charge from continuing operations is analysed between:			
Tax on profit before special items	**1,903**	1,980	3,132
Special tax item – deferred tax credit as a result of the UK Corporate rate change	**(902)**	-	-
Special tax item – deferred tax charge as a result of change of use of industrial building	**-**	-	752
Tax on special items	**(94)**	(279)	(376)
Income tax expense reported in the consolidated income statement	**907**	1,701	3,508

* As restated. See note 1.

The effective tax rate from continuing operations before special items for the period reduced to 21.3% (H1 FY2013: 24.9%) reflecting in particular the reduction in the headline corporation tax rate from 1 April 2013. The Group is in the initial stages of evaluating the provisions of the UK government's new Patent Box regime and their potential applicability to the Bespak business and, as a result, has not currently assumed any benefit that might arise.

Notes to the accounts

6. Earnings per share

	Unaudited 1 May to 31 October 2013	Unaudited 1 May to 31 October 2012*	Audited 1 May to 30 April 2013*
	£000	£000	£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	**7,386**	5,329	10,887
Add back: Special items after taxation	**(350)**	645	1,897
Adjusted earnings	**7,036**	5,974	12,784
Discontinued operations (basic and diluted)			
Profit for the period – attributable to ordinary shareholders	**(403)**	1,552	13,297
Add back: Special items after taxation	**403**	426	(10,520)
Adjusted earnings	**-**	1,978	2,777
Total (basic and diluted)			
Profit for the period – attributable to ordinary shareholders	**6,983**	6,881	24,184
Add back: Special items after taxation	**53**	1,071	(8,623)
Adjusted earnings	**7,036**	7,952	15,561
Number of shares			
Weighted average number of ordinary shares in issue for basic earnings	**29,272,086**	29,069,825	29,136,767
Weighted average number of shares owned by Employee Share Ownership Trust	**(503,159)**	(411,044)	(413,712)
Average number of ordinary shares for in issue for basic earnings	**28,768,927**	28,658,781	28,723,055
Dilutive impact of share options outstanding	**615,636**	1,325,756	864,992
Diluted weighted average number of ordinary shares in issue	**29,384,563**	29,984,537	29,588,047

	Pence	Pence	Pence
Continuing operations			
Adjusted basic earnings per share	**24.5**	20.8	44.5
Unadjusted basic earnings per share	**25.7**	18.6	37.9
Adjusted diluted earnings per share	**23.9**	19.9	43.2
Unadjusted diluted earnings per share	**25.1**	17.8	36.8
Continuing and discontinued operations			
Adjusted basic earnings per share	**24.5**	27.7	54.2
Unadjusted basic earnings per share	**24.3**	24.0	84.2
Adjusted diluted earnings per share	**23.9**	26.5	52.6
Unadjusted diluted earnings per share	**23.8**	22.9	81.7

* As restated. See note 1.

7. Dividends

	Unaudited 1 May to 31 October 2013	Unaudited 1 May to 31 October 2012	Audited 1 May to 30 April 2013
	£000	£000	£000
Final dividend for 2013 of 12.71p per share (2013: final dividend for 2012 of 12.1p per share)	**3,659**	3,483	3,483
Interim dividend paid of 7.0p per share (2013: 7.0p per share)	**-**	-	2,017
	3,659	3,483	5,500

Notes to the accounts

8. Capital expenditure

In the period there were additions to property, plant and equipment of £4.4 million (H1 FY2013: £6.6 million) and disposals of property, plant and equipment with a net book value of £nil (H1 FY2013: £0.2m).

Capital commitments contracted for but not provided for by the Group amounted to £8.5 million (H1 FY2013: £0.8 million) and primarily relate to the Nicoventures programme.

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 2013 £000**	Unaudited 31 October 2012 £000	Audited 30 April 2013 £000
Cash and cash equivalents **	**33,628**	12,319	36,966
Trade receivables	**13,874**	18,981	13,117
Other receivables	**458**	953	1,040
Total loans and receivables **	**14,332**	19,934	14,157
Available for sale financial asset – contingent consideration	**11,433**	-	11,676
Equity investment in Atlas Genetics Limited ***	**3,650**	2,548	3,650
Fair value through profit and loss – forward exchange contracts	**-**	16	-

Financial liabilities	**Unaudited 31 October 2013 £000**	Unaudited 31 October 2012 £000	Audited 30 April 2013 £000
Trade payables	**(8,079)**	(11,363)	(11,362)
Other creditors and accruals	**(8,322)**	(6,784)	(7,621)
Total amortised cost **	**(16,401)**	(18,147)	(18,983)
Fair value through profit and loss – forward exchange contracts	**(9)**	-	(55)
Cash flow hedges – interest rate swaps	**-**	(462)	-

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

*** - The equity investment in Atlas Genetics is an unquoted investment and therefore held at cost, less any provision for impairment as its fair value cannot be measured reliably in the absence of an active market.

The methods and assumptions used to estimate the fair values of financial assets and liabilities are as follows:

- Forward exchange contracts – based on market prices and exchange rates at the balance sheet date;
- Interest rate swaps – based on the market values at the balance sheet date;
- Contingent consideration – the discounted value of anticipated future receipts.

The following tables categorise the Group's financial assets and liabilities held at fair value by the valuation methodology applied in determining fair value. Where possible, quoted prices in active markets are used (Level 1). Where such prices are not available, the asset or liability is classified as Level 2, provided all significant inputs to the valuation model are based on observable market data. In other cases the instrument is classified as Level 3.

Notes to the accounts

9. Financial assets and liabilities (continued)

Financial assets at fair value

	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
At 31 October 2013				
Available for sale financial asset – contingent consideration	**-**	**-**	**11,433**	**11,433**
At 31 October 2012				
Financial instruments – forward exchange contracts	-	16	-	16
At 30 April 2013				
Available for sale financial asset – contingent consideration	-	-	11,676	11,676

Financial liabilities at fair value

	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
At 31 October 2013				
Financial instruments – forward exchange contracts	**-**	**9**	**-**	**9**
At 31 October 2012				
Cash flow hedges – interest rate swaps	-	462	-	462
At 30 April 2013				
Financial instruments – forward exchange contracts	-	55	-	55

Under the terms of the disposal of King Systems, completed on 15 February 2013, the purchaser, Ambu A/S, is due to pay amounts of consideration contingent upon the performance of King following disposal. This comprises:

- a milestone payment of US$10 million upon completion of the first commercial sale of a video laryngoscope currently under development by King with a reusable display and an adaptor containing reusable optics and a disposable blade;
- payments with a potential maximum value of US$40 million related to the sales of King Vision products for the three years ending 30 April 2016.

In arriving at the fair value of contingent consideration, the Directors have assessed the amounts of contingent consideration expected to arise together with the anticipated timing of collection by Consort. They have taken account of a statement made on 15 November by Ambu A/S that the first commercial sale of the video laryngoscope is expected by the end of the current calendar year being 31 December 2013. The projected amounts receivable have been discounted with reference to the cost of capital in Ambu A/S and therefore the risk of a receivable value from it. The dollar amount receivable is converted to sterling at spot exchange rates.

As at the 30 April 2013, the fair value of contingent consideration was valued at £11,676,000. As at 31 October 2013 this value is £11,433,000, with an increase of £157,000 as a result of the unwinding of discounting with the passage of time and the change in expected timing of the cash receipts and with a reduction of £400,000 as a result of foreign exchange. All movements in contingent consideration have been recognised in the income statement as special items within discontinued operations (see note 15).

Notes to the accounts

10. Analysis of net cash / (debt)

	Unaudited 31 October 2013	Unaudited 31 October 2012	Audited 30 April 2013
	£000	£000	£000
Cash and cash equivalents	**33,628**	12,319	36,966
Bank term loan – amount payable within one year (GBP)	**-**	-	-
Bank term loan – amount payable between one and three years (GBP)	**-**	-	-
Revolving loan repayable by October 2013 (GBP)	**-**	(15,000)	-
Revolving loan repayable by October 2013 (USD)	**-**	(36,685)	-
Obligations under finance leases – amount payable within one year	**(2)**	(3)	(2)
Unamortised loan arrangement costs	**-**	842	-
	33,626	(38,527)	36,964

In February 2013 Group borrowings of £47.1m were repaid using the funds obtained from the disposal of King Systems (see note 15). At the same time the Group's interest rate swap instruments were cancelled because the Group no longer had floating rate interest payable.

The Group continues to retain its committed £75.9m bank facilities which are undrawn. The undrawn portion of these USD and GBP denominated facilities attract a non-utilisation fee of 0.8%, reflected in finance costs. The Group also has a £25.0m accordion facility available to it. These facilities expire in November 2016.

11. Reconciliation of net cash flow to movement in net cash / (debt)

	Unaudited 1 May to 31 October 2013	Unaudited 1 May to 31 October 2012	Audited 1 May to 30 April 2013
	£000	£000	£000
Net debt at the beginning of the period	**36,964**	(37,653)	(37,653)
Net increase in cash and short-term borrowings	**(3,338)**	(2,635)	22,356
Proceeds from new bank funding	**-**	(3,000)	(3,000)
Repayment of amounts borrowed	**-**	4,000	57,069
Finance lease repayments	**-**	-	1
Movement in unamortised loan arrangement costs	**-**	842	-
Effects of exchange rate changes	**-**	(81)	(1,809)
Net cash / (debt) at the end of the period	**33,626**	(38,527)	36,964

12. Defined benefit pension scheme deficit

	Unaudited 1 May to 31 October 2013	Unaudited 1 May to 31 October 2012*	Audited 1 May to 30 April 2013*
	£000	£000	£000
Pension deficit at start of the period	**11,766**	3,367	3,367
Current service cost	**673**	543	1,086
Expected return on plan assets	**(1,708)**	(1,700)	(3,400)
Interest cost	**1,956**	1,772	3,544
Actuarial (gains) / losses	**(3,097)**	1,297	8,158
Regular employer contributions	**(489)**	(500)	(989)
Pension deficit at end of the period	**9,101**	4,779	11,766

* As restated. See note 1.

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 2013. There were no material related party transactions in the period or prior half-year period.

Notes to the accounts

14. Principal risks and uncertainties

The principal risks and uncertainties which could impact the Group's long-term performance remain those detailed on pages 30 and 31 of the Group's 2013 Annual Report and Financial Statements, a copy of which is available on the Group's website www.consortmedical.com. The risks are summarised below:

- Product quality failure
- Reliance upon key customers / products
- Regulatory risk
- Development risk
- Growth risk
- Financial risks, including credit risk, interest rate risk, currency risk, liquidity risk and pension risk.

15. Discontinued operations

On 15 February 2013, the Group disposed of King Systems the results of which have been classified as discontinued operations.

The net assets of King Systems at the date of disposal were as follows:

	15 February 2013
	£000
Goodwill	45,830
Intangible assets	5,970
Property, plant and equipment	20,888
Inventories	6,434
Trade and other receivables	5,608
Cash and cash equivalents	836
Trade and other payables	(5,346)
Current and deferred tax liabilities	(2,182)
Sub-total	78,038
Cumulative translation reserve	(2,693)
Net assets	75,345
Profit on disposal	10,915
Consideration	86,260
Satisfied by:	
Cash consideration	79,561
Cash disposal costs	(4,028)
	75,533
Contingent consideration	11,490
Non-cash disposal costs	(763)
Non-cash tax on profit on disposal	-
	86,260
Net cash inflow arising on disposal	
Cash consideration	75,533
Less cash and cash equivalents disposed of	(836)
	74,697

Notes to the accounts

15. Discontinued operations (continued)

The results of the discontinued operations, which have been included in the consolidated income statement, were as follows:

	Unaudited 1 May to 31 October 2013	Unaudited 1 May to 31 October 2012	Audited 1 May to 30 April 2013
	£000	£000	£000
Revenue	**-**	21,846	34,486
Operating expenses	**-**	(19,434)	(31,110)
Finance costs	**-**	-	(11)
Profit before tax and special items	**-**	2,412	3,365
Special items	**(403)**	(684)	9,847
(Loss) / profit before tax of discontinued operations	**(403)**	1,728	13,212
Tax on profit before special items	**-**	(434)	(588)
Tax on special items	**-**	258	673
Tax	**-**	(176)	85
Net (loss) / profit attributable to discontinued operations (attributable to the owners of the Company)	**(403)**	1,552	13,297

Special items from discontinued operations of £0.4 million relate to the movement in the value of the contingent consideration receivable of £0.2 million (see note 9) (H1 FY2013: £nil, FY2013: £0.2 million credit) and share based payment charges of £0.2 million (H1 FY2013: £nil, FY2013: £nil).

In the prior year, special items from discontinued operations included the amortisation of intangible assets (H1 FY2013: £0.7 million, FY2013: £1.1 million) and certain plant restructuring costs (H1 FY2013: £nil, FY2013: £0.2 million).

Further, a gain of £10.9 million arose on the disposal in February 2013, being the proceeds of the disposal (net of the working capital payment) less the carrying amount of the business's net assets plus disposal costs. The proceeds of disposal consist of $123.4 million (£79.6 million) in cash and £11.5 million in contingent consideration receivable based on the discontinued operation meeting certain performance criteria over the next 3 years.

The following cash flows arose from discontinued operations:

	Unaudited 1 May to 31 October 2013	Unaudited 1 May to 31 October 2012	Audited 1 May to 30 April 2013
	£000	£000	£000
Operating cash flows	**-**	3,400	2,849
Investing cash flows	**-**	(2,991)	(4,055)
Financing cash flows	**-**	-	-
Total cash flows	**-**	409	(1,206)

16. Share capital

Share capital as at 31 October 2013 amounted to £2.9 million. During the period, the Group issued 53,960 shares as part of exercises under the Consort Savings Related Share Option Scheme for total consideration of £0.3 million (H1 FY2013: £0.7 million, FY2013: £0.8 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 441,788 shares for a consideration of £2.9 million during the period (H1 FY2013: £nil, FY2013: £1.0 million). As at 31 October 2013 the ESOT held a total of 425,843 ordinary shares (30 April 2013: 511,378 shares) at a cost of £3.5 million (30 April 2013: £2.8 million) and market value of £3.8 million (30 April 2013: £4.1 million).

17. Post balance sheet events

There were no post balance sheet events.