

Independent review report to Consort Medical plc

Introduction

We have been engaged by the company to review the condensed consolidated interim financial information in the half-yearly financial report for the six months ended 31 October 2010, which comprises the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Consolidated Cash flow Statement, the Consolidated Statement of Changes in Shareholders' Equity and related notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

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

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

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of the Disclosure and Transparency Rules of the Financial Services Authority and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 October 2010 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

PricewaterhouseCoopers LLP
Chartered Accountants
Birmingham
1 December 2010

Notes:

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

Statement of directors' responsibilities

The directors confirm, to the best of their knowledge, that these condensed consolidated interim financial statements have been prepared in accordance with IAS 34 as adopted by the European Union. The interim management report includes a fair review of the information required by DTR 4.2.7R and DTR 4.2.8R, namely:

- An indication of important events that have occurred during the first six months of the financial year 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 of the financial year 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 2010. A list of current directors is maintained on the Consort Medical plc website: www.consortmedical.com.

By order of the Board

Toby Woolrych
Group Finance Director
1 December 2010

Consolidated Income Statement
For the period 1 May to 31 October 2010

	<i>Notes</i>	Unaudited 1 May to 31 October 2010 £000	Unaudited 1 May to 31 October 2009 £000	Audited 1 May 2009 to 30 April 2010 £000
Revenue from products and services	2	65,566	57,779	118,592
Revenue from tooling and equipment	2	4,011	3,759	6,540
Revenue	2	69,577	61,538	125,132
Operating expenses		(60,405)	(55,624)	(112,941)
Operating profit before special items		10,087	8,632	18,673
Special items	3	(915)	(2,718)	(6,482)
Operating profit	2	9,172	5,914	12,191
Finance income		25	90	220
Finance expenses		(1,310)	(547)	(1,340)
Other finance expenses	4	(410)	(338)	(677)
Profit on sale of associate	3	-	67	67
Profit before tax and special items		8,392	7,837	16,876
Special items	3	(915)	(2,651)	(6,415)
Profit before tax		7,477	5,186	10,461
Tax on profit before special items		(2,263)	(2,345)	(4,586)
Tax on special items	3	481	855	2,177
Tax	5	(1,782)	(1,490)	(2,409)
Profit for the financial period		5,695	3,696	8,052
Basic earnings per ordinary share	6	19.8p	12.8p	27.8p
Diluted earnings per ordinary share	6	19.3p	12.6p	27.3p
Non-GAAP measure:				
Adjusted profit before tax (£000)		8,392	7,837	16,876
Adjusted profit after tax (£000)	6	6,129	5,492	12,290
Adjusted earnings per ordinary share	6	21.3p	19.0p	42.5p
Adjusted diluted earnings per ordinary share	6	20.7p	18.7p	41.7p

Consolidated Statement of Comprehensive Income
For the period 1 May to 31 October 2010

	Unaudited 1 May to 31 October 2010	Unaudited 1 May to 31 October 2009	Audited 1 May 2009 to 30 April 2010
<i>Notes</i>	£000	£000	£000
Profit for the financial period	5,695	3,696	8,052
Other comprehensive income			
Fair value movements on cash flow hedges (net of tax)	(206)	110	246
Currency translation differences (net of tax)	(1,526)	(2,782)	(629)
Actuarial loss on defined benefit pension scheme	12 (2,289)	(5,572)	(3,544)
Deferred tax on actuarial loss	467	1,560	992
Other comprehensive loss for the period	(3,554)	(6,684)	(2,935)
Total comprehensive income/(loss) for the period	2,141	(2,988)	5,117

Consolidated Balance Sheet
At 31 October 2010

	<i>Notes</i>	Unaudited 31 October 2010	Unaudited 31 October 2009	Audited 30 April 2010
		£000	£000	£000
Assets				
Non-current assets				
Property, plant and equipment	8	47,427	47,758	48,132
Goodwill		60,263	43,162	62,177
Other intangible assets		15,514	9,749	17,296
Investment in associates		-	8	-
Deferred tax assets		-	858	-
		123,204	101,535	127,605
Current assets				
Inventories		13,119	11,289	11,962
Trade and other receivables		17,966	18,414	17,567
Current tax receivable		61	373	94
Cash and cash equivalents		8,410	15,173	16,097
		39,556	45,249	45,720
Liabilities				
Current liabilities				
Borrowings		(3,117)	(32,039)	(3,465)
Loan notes		(24)	-	(5,599)
Trade and other payables	9	(22,175)	(17,668)	(21,581)
Current tax payable		(2,623)	(2,327)	(1,219)
Provisions for other liabilities and charges		(3,091)	(3,603)	(2,687)
		(31,030)	(55,637)	(34,551)
Net current assets/(liabilities)		8,526	(10,388)	11,169
Non-current liabilities				
Borrowings		(37,033)	(1,061)	(40,217)
Deferred taxation		(5,112)	(4,040)	(6,605)
Defined benefit pension scheme deficit	12	(14,348)	(16,489)	(13,284)
Provisions for other liabilities and charges		(1,427)	-	(3,582)
		(57,920)	(21,590)	(63,688)
Net assets		73,810	69,557	75,086
Shareholders' equity				
Share capital		2,895	2,895	2,895
Share premium		32,383	32,378	32,378
Retained earnings		37,224	33,533	36,773
Other reserves		1,308	751	3,040
Total equity		73,810	69,557	75,086

Consolidated Cash Flow Statement
For the period 1 May to 31 October 2010

	Notes	Unaudited 1 May to 31 October 2010 £000	Unaudited 1 May to 31 October 2009 £000	Audited 1 May 2009 to 30 April 2010 £000
Cash flows from operating activities				
Operating profit from continuing operations		9,172	5,914	12,191
Depreciation		3,170	3,478	6,761
Amortisation		1,627	1,164	2,666
(Profit)/loss on disposal of property, plant and equipment		(3)	13	22
Share based payments		378	314	(11)
(Increase)/decrease in inventories		(1,287)	434	85
Increase in trade and other receivables		(574)	(3,107)	(1,093)
Decrease in trade and other payables		(187)	(96)	(130)
(Decrease)/increase in provisions		(1,958)	(750)	401
(Decrease)/increase in financial instruments		(89)	173	165
Cash generated from continuing operations		10,249	7,537	21,057
Interest paid		(1,092)	(586)	(1,398)
Tax paid		(947)	(2,065)	(3,709)
Net cash inflow from operating activities		8,210	4,886	15,950
Cash flows from investing activities				
Purchases of property, plant and equipment		(2,537)	(3,345)	(5,893)
Purchases of intangible assets		(110)	(70)	(165)
Proceeds from sale of property, plant and equipment		16	437	464
Interest received		24	113	246
Purchase of investment in associate		-	(8)	-
Acquisition of subsidiary		-	-	(12,143)
Proceeds from disposal of investment		-	129	128
Net cash used in investing activities		(2,607)	(2,744)	(17,363)
Cash flows from financing activities				
Net proceeds from issue of ordinary share capital		5	-	-
Purchase of own shares		(500)	-	(249)
Equity dividends paid to shareholders	7	(3,486)	(3,502)	(5,528)
Proceeds from new bank funding		-	-	41,025
Repayment of amounts borrowed		(7,784)	(2,178)	(4,372)
Finance lease payments		(18)	(40)	(57)
Payments to fund defined benefit pension scheme deficit		(1,428)	(1,335)	(2,763)
Net cash (used in)/generated from financing activities		(13,211)	(7,055)	28,056
Net (decrease)/increase in cash and short-term borrowings	11	(7,608)	(4,913)	26,643
Effects of exchange rate changes		(79)	2,881	781
Overdraft acquired		-	-	(740)
Cash and short-term borrowings at start of the period		16,097	(10,587)	(10,587)
Cash and short-term borrowings at the end of the period		8,410	(12,619)	16,097

Consolidated Statement of Changes in Shareholders' Equity

	Share capital £000	Share premium £000	Retained earnings £000	Cash flow hedge reserve £000	Translation reserve £000	Total £000
Balance at 1 May 2009 (audited)	2,895	32,378	37,024	(434)	3,857	75,720
Profit for the financial period	-	-	3,696	-	-	3,696
Other comprehensive (loss)/income for the financial period	-	-	(4,012)	110	(2,782)	(6,684)
Total comprehensive (loss)/income for the financial period	-	-	(316)	110	(2,782)	(2,988)
Recognition of share-based payments	-	-	314	-	-	314
Movement on tax arising on share-based payments	-	-	13	-	-	13
Equity dividends	-	-	(3,502)	-	-	(3,502)
	-	-	(3,175)	-	-	(3,175)
Balance at 31 October 2009 (unaudited)	2,895	32,378	33,533	(324)	1,075	69,557
Balance at 1 May 2009 (audited)	2,895	32,378	37,024	(434)	3,857	75,720
Profit for the financial year	-	-	8,052	-	-	8,052
Other comprehensive (loss)/income for the financial year	-	-	(2,552)	246	(629)	(2,935)
Total comprehensive (loss)/income for the financial year	-	-	5,500	246	(629)	5,117
Recognition of share-based payments	-	-	(11)	-	-	(11)
Movement on tax arising on share-based payments	-	-	37	-	-	37
Consideration paid for purchase of own shares (held in trust)	-	-	(249)	-	-	(249)
Equity dividends	-	-	(5,528)	-	-	(5,528)
	-	-	(5,751)	-	-	(5,751)
Balance at 30 April 2010 (audited)	2,895	32,378	36,773	(188)	3,228	75,086
Balance at 1 May 2010 (audited)	2,895	32,378	36,773	(188)	3,228	75,086
Profit for the financial period	-	-	5,695	-	-	5,695
Other comprehensive loss for the financial period	-	-	(1,822)	(206)	(1,526)	(3,554)
Total comprehensive income/(loss) for the financial period	-	-	3,873	(206)	(1,526)	2,141
Recognition of share-based payments	-	-	378	-	-	378
Proceeds from exercise of employee share options	-	5	-	-	-	5
Movement on tax arising on share-based payments	-	-	186	-	-	186
Consideration paid for purchase of own shares (held in trust)	-	-	(500)	-	-	(500)
Equity dividends	-	-	(3,486)	-	-	(3,486)
	-	5	(3,422)	-	-	(3,417)
Balance at 31 October 2010 (unaudited)	2,895	32,383	37,224	(394)	1,702	73,810

Notes to the Interim Accounts

1 Basis of preparation

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

The Company is listed on the London Stock Exchange.

This condensed consolidated interim financial information was approved for issue on 1 December 2010.

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 2010 were approved by the Board of directors on 27 July 2010 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 2010 has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Services Authority and with IAS 34, 'Interim financial reporting', as adopted by the European Union. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 30 April 2010, which have been prepared in accordance with IFRSs as adopted by the European Union.

Accounting policies

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 30 April 2010, as described in those annual financial statements.

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

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 May 2010:

- IFRS 3 (revised), "Business combinations" (effective 1 July 2009). The revision to this standard continues to apply the acquisition method to business combinations but there are significant changes to the treatment of contingent payments, transaction costs, and the calculation of goodwill. This could impact the Group's financial statements in the future if it makes any further acquisitions.

The following new standards, amendments to standards, or interpretations are effective for the financial year beginning 1 May 2010 but not relevant to the Group:

- IAS 27 (revised), "Consolidated and separate financial statements" (effective 1 July 2009).
- IAS 39 (amendment), 'Financial Instruments; Recognition and measurement on eligible hedged items' (effective 1 July 2009).
- Amendment to IFRS 1, 'First time adoption of IFRS' and IAS 27 'Consolidated and separate financial statements' (effective 1 July 2009).
- Amendments to IFRS 1, 'First time adoption' on additional exemptions (effective 1 January 2010).
- Amendment to IFRS 2, 'Share-based payments' on group cash-settled transactions (effective 1 January 2010).

Notes to the Interim Accounts

1 Basis of preparation (continued)

Accounting policies

- Amendment to IAS 32, 'Financial instruments: Presentation' on classification of rights issues (effective 1 February 2010).
- IFRIC 15, 'Agreements for construction of real estates' (effective 1 January 2009 but EU-endorsed from 1 January 2010).
- IFRIC 16, 'Hedges of a net investment in a foreign operation' (effective 1 October 2008 but EU-endorsed for use from 1 July 2009)
- IFRIC 17, "Distributions of non-cash assets to owners" (effective 1 July 2009).
- IFRIC 18, "Transfers of assets from customers" (effective 1 July 2009 but EU-endorsed for use from 31 October 2009).
- Annual improvements 2009 (effective 1 January 2010).

Notes to the Interim Accounts

2. Segmental information

The Group has two divisions. Bepak is a drug delivery device business, a market leader in the supply of valves and other devices for respiratory applications to global pharmaceutical companies. In November 2009, it acquired The Medical House plc to broaden its franchise into the fast-growing autoinjector market. King Systems is a leading supplier of life-saving patient care solutions to the US anaesthesia market including breathing circuits, face masks and other disposable airway management and airway visualisation products.

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

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

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

(a) Revenue

Revenue by business	1 May to 31 October 2010 £000	1 May to 31 October 2009 £000	1 May 2009 to 30 April 2010 £000
Revenue from products and services	41,038	37,547	77,654
Revenue from tooling and equipment	4,011	3,759	6,540
Bepak division (UK by origin)	45,049	41,306	84,194
King Systems division (US by origin)	24,723	20,380	41,140
Total revenues	69,772	61,686	125,334
Intra-segment revenues	(195)	(148)	(202)
Revenue	69,577	61,538	125,132

Revenue by destination	1 May to 31 October 2010 £000	1 May to 31 October 2009 £000	1 May 2009 to 30 April 2010 £000
United Kingdom	10,852	12,280	23,932
United States of America	28,273	25,305	49,465
Europe	23,114	20,979	43,902
Rest of the World	7,338	2,974	7,833
Revenue	69,577	61,538	125,132

Notes to the Interim Accounts

2. Segmental information (continued)

(b) Operating profit

	1 May to 31 October 2010 £000	1 May to 31 October 2009 £000	1 May 2009 to 30 April 2010 £000
Bespak division	7,502	6,778	14,091
King Systems division	2,585	1,854	4,582
Operating profit for reportable segments	10,087	8,632	18,673
Special items	(915)	(2,718)	(6,482)
Operating profit after special items	9,172	5,914	12,191

(c) Net assets

Net assets by business segment	31 October 2010 £000	31 October 2009 £000	30 April 2010 £000
Bespak division	46,284	26,940	44,963
King Systems division	66,964	65,672	71,037
Total reportable segments	113,248	92,612	116,000
Investments	-	8	-
Taxation	(7,674)	(5,136)	(7,730)
Net debt	(31,764)	(17,927)	(33,184)
Net assets	73,810	69,557	75,086

Exchange rates	31 October 2010	31 October 2009	30 April 2010
Average rate of exchange - USD	1.53	1.62	1.60
Closing rate of exchange - USD	1.60	1.65	1.53

Notes to the Interim Accounts

3. Special items

	1 May to 31 October 2010 £000	1 May to 31 October 2009 £000	1 May 2009 to 30 April 2010 £000
Exceptional operating expenses	574	(1,682)	(4,082)
Amortisation of acquired intangible assets	(1,489)	(1,036)	(2,400)
Special items charged to operating expenses	(915)	(2,718)	(6,482)
Profit on sale of associate	-	67	67
Special items before tax	(915)	(2,651)	(6,415)
Tax on special items	481	855	2,177
Special items after tax	(434)	(1,796)	(4,238)

Exceptional operating expenses in the period comprised credits for an onerous lease and employee severance costs in the UK offset by transformation costs at King Systems.

Exceptional operating expenses in the comparative period last year comprised employee severance costs. In the year ended 30 April 2010, exceptional costs comprised employee severance costs in the UK and the USA and plant restructuring costs at King Systems.

Amortisation of acquired intangible assets represents the charge for other intangible assets acquired with King Systems and The Medical House.

4. Other finance expenses

	1 May to 31 October 2010 £000	1 May to 31 October 2009 £000	1 May 2009 to 30 April 2010 £000
Expected return on defined benefit scheme assets	1,757	1,434	2,873
Interest cost on defined benefit scheme liabilities	(1,965)	(1,772)	(3,550)
Net interest expense on defined benefit scheme	(208)	(338)	(677)
Unwinding of discount on provisions	(202)	-	-
	(410)	(338)	(677)

Notes to the Interim Accounts

5. Tax

	1 May to 31 October 2010 £000	1 May to 31 October 2009 £000	1 May 2009 to 30 April 2010 £000
UK corporation tax	1,733	919	890
Overseas taxation	662	643	1,412
Deferred taxation	(613)	(72)	107
Income tax expense reported in the consolidated income statement	1,782	1,490	2,409
The tax charge is analysed between:			
Tax on profit before special items	2,263	2,345	4,586
Tax on special items	(481)	(855)	(2,177)
	1,782	1,490	2,409

The tax charge for the period ended 31 October 2010 is based on the effective tax rate, which it is estimated will apply to earnings for the full year.

Tax has been provided on special items as appropriate.

Factors affecting future tax charge

In June 2010, the UK government announced its intention to reduce the main rate of UK corporation tax from 28% to 24% by 1 April 2014 by enacting, every year until 2014, a reduction of 1%. At 31 October 2010, the first of these reductions, being a change in UK corporation tax rate from 28% to 27% on 1 April 2011, had been substantively enacted. Therefore, the UK deferred tax assets and liabilities included within this interim statement have been provided at a rate of 27%. The forecast effect of the further proposed reductions in rate by 2014 would be to decrease the net deferred tax liability by approximately £0.2 million.

The government also announced that the main rate of capital allowances will decrease from 20% to 18% from 1 April 2012.

6. Earnings per share

	1 May to 31 October 2010	1 May to 31 October 2009	1 May 2009 to 30 April 2010
The calculation of earnings per ordinary share is based on the following:			
Profit for the financial period (£000)	5,695	3,696	8,052
Add back: Special items after tax (£000)	434	1,796	4,238
Adjusted profit for the financial period (£000)	6,129	5,492	12,290
Weighted average number of shares in issue	28,943,988	28,943,922	28,943,922
Weighted average number of shares owned by Employee Share Ownership Trust	(111,328)	(1,777)	(6,496)
Average number of ordinary shares in issue for basic earnings	28,832,660	28,942,145	28,937,426
Dilutive impact of share options outstanding	707,391	417,586	522,236
Diluted average number of ordinary shares in issue	29,540,051	29,359,731	29,459,662
Basic earnings per ordinary share	19.8p	12.8p	27.8p
Adjusted earnings per ordinary share	21.3p	19.0p	42.5p
Diluted earnings per ordinary share	19.3p	12.6p	27.3p
Adjusted diluted earnings per ordinary share	20.7p	18.7p	41.7p

Notes to the Interim Accounts

7. Dividends

	31 October 2010 £000	31 October 2009 £000	30 April 2010 £000
Dividends	£000	£000	£000
Final dividend paid of 12.1p per share (2009: 12.1p)	3,486	3,502	3,502
Interim dividend paid of 7.0p per share (2009: 7.0p)	-	-	2,026
	3,486	3,502	5,528

The Directors have approved an interim dividend of 7.0p per share which, in line with the requirements of IAS 10, 'Events after the Balance Sheet Date', has not been recognised within these results. The interim dividend will be paid on 18 February 2011 to shareholders whose names are on the Register of Members at the close of business on 21 January 2011.

8. Capital expenditure

In the period there were additions to property, plant and equipment of £3.0 million (2009: £2.8 million).

Capital commitments contracted for but not provided for by the Group amounted to £6.3 million (2009: £3.2 million).

9. Trade and other payables

	31 October 2010 £000	31 October 2009 £000	30 April 2010 £000
Amounts falling due within one year:			
Trade payables	10,016	7,304	9,199
Other taxation and social security	573	941	506
Derivative financial instruments	538	449	260
Other creditors	3,517	2,538	3,542
Accruals and deferred income	7,531	6,436	8,074
	22,175	17,668	21,581

Notes to the Interim Accounts

10. Analysis of net debt

	31 October	31 October	30 April
	2010	2009	2010
	£000	£000	£000
Cash and cash equivalents	8,410	15,173	16,097
Overdrafts	-	(1,099)	-
Loan notes	(24)	-	(5,599)
Revolving loan (USD)	(29,710)	(26,693)	(31,025)
Term loan (GBP)	(10,000)	(5,308)	(10,000)
Term loan (USD)	(1,095)	-	(3,429)
Finance leases	(22)	-	(40)
Unamortised loan arrangement costs	677	-	812
	(31,764)	(17,927)	(33,184)

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

The revolving USD loan is for \$47.5 million drawn against a \$56 million facility that expires in October 2013. The GBP term loan is repayable at £1 million per quarter commencing in July 2011.

The USD term loan was taken out in December 2005 for a five year period; the final loan repayment is due in December 2010.

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

	31 October	31 October	30 April
	2010	2009	2010
	£000	£000	£000
Net debt at start of period	(33,184)	(18,893)	(18,893)
Cash flow for the period	(7,608)	(4,913)	26,643
Loan repayments included in cash flow for the period	2,344	2,178	4,372
Finance leases - capital repayments	18	40	57
Overdraft and finance leases acquired	-	-	(798)
Proceeds from new bank funding	-	-	(41,025)
Repayment/ (issue) of loan notes	5,575	-	(5,599)
Movement in unamortised loan arrangement fees	(135)	-	812
Effect of exchange rate changes	1,226	3,661	1,247
Net debt at end of the period	(31,764)	(17,927)	(33,184)

Notes to the Interim Accounts

12. Defined benefit pension scheme deficit

	1 May to 31 October 2010	1 May to 31 October 2009	1 May 2009 to 30 April 2010
	Total	Total	Total
	£000	£000	£000
Pension deficit at start of period	13,284	12,081	12,081
Current service cost	533	466	928
Expected return on plan assets	(1,757)	(1,434)	(2,873)
Interest cost	1,965	1,772	3,550
Actuarial losses	2,289	5,572	3,544
Regular employer contributions	(538)	(633)	(1,183)
Employer payments to fund deficit	(1,428)	(1,335)	(2,763)
Pension deficit at end of period	14,348	16,489	13,284

The updated pension scheme deficit as at 31 October 2010 does not take account of the proposal, announced by the UK government on 8 July 2010, to allow pension schemes to change the rate of pension increases and deferred benefit revaluation to reference the Consumer Prices Index rather than the Retail Price Index. The impact of this proposal will depend, inter alia, on the rules of the scheme and the detailed legislation supporting the proposal.

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 2010. There were no material related party transactions in the period or prior half-year 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 22 and 23 of the Group's 2010 Annual Report and Financial Statements, a copy of which is available on the Group's website www.consortmedical.com

15. Post balance sheet events

See note 5 for factors affecting the future tax charge.