

Consolidated Income Statement

For the year ended 30 April 2012

		2012 Before special items	2012 Special items (note 3)	2012 Total	2011 Before special items	2011 Special items (note 3)	2011 Total
	Note	£000	£000	£000	£000	£000	£000
Revenue from products and services		136,580	-	136,580	126,806	-	126,806
Revenue from tooling and equipment		4,359	-	4,359	5,567	-	5,567
Revenue	2	140,939	-	140,939	132,373	-	132,373
Operating expenses		(119,402)	(1,146)	(120,548)	(111,921)	(4,674)	(116,595)
Operating profit	2	21,537	(1,146)	20,391	20,452	(4,674)	15,778
Finance income		93	-	93	28	-	28
Finance costs		(2,544)	(414)	(2,958)	(2,461)	-	(2,461)
Other finance income / (costs)		302	-	302	(645)	-	(645)
Profit before tax		19,388	(1,560)	17,828	17,374	(4,674)	12,700
Taxation	4	(4,448)	776	(3,672)	(4,261)	1,917	(2,344)
Profit for the financial year		14,940	(784)	14,156	13,113	(2,757)	10,356
Basic earnings per ordinary share	5	49.5p			36.0p		
Diluted earnings per ordinary share	5	47.9p			35.3p		

Non-GAAP measures:

		£000	£000
Adjusted profit before tax		19,388	17,374
Adjusted profit after tax		14,940	13,113
Earnings before interest, tax depreciation and amortisation (EBITDA)	1	28,824	24,969
Adjusted basic earnings per ordinary share	5	52.2p	45.5p
Adjusted diluted earnings per ordinary share	5	50.6p	44.7p

Consolidated Statement of Comprehensive Income

For the year ended 30 April 2012

	Note	2012 £000	2011 £000
Profit for the financial year		14,156	10,356
Other comprehensive income			
Fair value movements on cash flow hedges		(192)	(88)
Deferred tax on fair value movements on cash flow hedges		49	25
Exchange movements on translation of foreign subsidiaries		925	(3,057)
Current and deferred tax on exchange movements		(82)	86
Actuarial gains on defined benefit pension scheme	10	1,115	4,392
Current tax on actuarial losses		491	696
Deferred tax on actuarial gains		(790)	(1,926)
Impact of change in tax rates		(234)	(216)
Other comprehensive income / (loss) for the year		1,282	(88)
Total comprehensive income for the year		15,438	10,268

Consolidated Balance Sheet

at 30 April 2012

	Note	2012 £000	2011 £000
Assets			
Non-current assets			
Property, plant and equipment		56,590	51,539
Goodwill		59,593	58,470
Other intangible assets		12,713	14,457
Investments		2,548	1,101
		131,444	125,567
Current assets			
Inventories		17,220	15,335
Trade and other receivables	6	18,356	17,801
Derivative financial instruments		95	70
Current tax assets		992	964
Cash and cash equivalents	8	14,685	7,211
		51,348	41,381
Total assets		182,792	166,948
Liabilities			
Current liabilities			
Borrowings	9	(4,003)	(4,031)
Trade and other payables	7	(22,965)	(22,929)
Derivative financial instruments		(539)	(348)
Current tax liabilities		(2,015)	(2,455)
Provisions and other liabilities		(2,240)	(2,597)
		(31,762)	(32,360)
Net current assets		19,586	9,021
Non-current liabilities			
Borrowings	9	(48,335)	(36,935)
Deferred tax liabilities		(7,545)	(6,711)
Defined benefit pension scheme deficit	10	(3,367)	(6,405)
Provisions and other liabilities		(1,500)	(4,919)
		(60,747)	(54,970)
Total liabilities		(92,509)	(87,330)
Net assets		90,283	79,618
Shareholders' equity			
Share capital		2,901	2,895
Share premium		32,667	32,385
Retained earnings		54,009	44,332
Other reserves		706	6
Total equity		90,283	79,618

Consolidated Statement of Changes in Shareholders' Equity

	Share capital	Share premium	Retained earnings	Cash flow hedge reserve	Translation reserve	Total
	£000	£000	£000	£000	£000	£000
Balance at 1 May 2010	2,895	32,378	36,773	(188)	3,228	75,086
Profit for the financial year	-	-	10,356	-	-	10,356
Other comprehensive income:						
Exchange movements on translation of foreign subsidiaries	-	-	-	-	(3,057)	(3,057)
Actuarial gains on defined benefit scheme	-	-	4,392	-	-	4,392
Fair value movements on cash flow hedges	-	-	-	(88)	-	(88)
Tax on amounts taken directly to equity	-	-	(1,446)	25	86	(1,335)
Total comprehensive income / loss	-	-	13,302	(63)	(2,971)	10,268
Transactions with owners:						
Recognition of share-based payments	-	-	299	-	-	299
Movement on tax arising on share-based payments	-	-	207	-	-	207
Proceeds from exercise of employee options	-	7	-	-	-	7
Consideration paid for purchase of own shares (held in trust)	-	-	(750)	-	-	(750)
Equity dividends	-	-	(5,499)	-	-	(5,499)
	-	7	(5,743)	-	-	(5,736)
Balance at 30 April 2011	2,895	32,385	44,332	(251)	257	79,618
Profit for the financial year	-	-	14,156	-	-	14,156
Other comprehensive income:						
Exchange movements on translation of foreign subsidiaries	-	-	-	-	925	925
Actuarial gains on defined benefit scheme	-	-	1,115	-	-	1,115
Fair value movements on cash flow hedges	-	-	-	(192)	-	(192)
Tax on amounts taken directly to equity	-	-	(533)	49	(82)	(566)
Total comprehensive income/(loss)	-	-	14,738	(143)	843	15,438
Transactions with owners:						
Recognition of share-based payments	-	-	1,169	-	-	1,169
Movement on tax arising on share-based payments	-	-	242	-	-	242
Proceeds from exercise of employee options	6	282	-	-	-	288
Consideration paid for purchase of own shares (held in trust)	-	-	(1,000)	-	-	(1,000)
Equity dividends	-	-	(5,472)	-	-	(5,472)
	6	282	(5,061)	-	-	(4,773)
Balance at 30 April 2012	2,901	32,667	54,009	(394)	1,100	90,283

Consolidated Cash Flow Statement

For the year ended 30 April 2012

	Note	2012 £000	2011 £000
Cash flows from operating activities			
Profit before taxation		17,828	12,700
Finance income		(93)	(28)
Finance costs		2,958	2,461
Other finance (income) / costs		(302)	645
Operating profit		20,391	15,778
Depreciation		6,486	6,146
Amortisation		2,521	2,957
Loss on disposal of property, plant and equipment		176	88
Impairment credit		(750)	-
Share-based payments		1,169	299
Increase in inventories		(1,839)	(3,733)
Increase in trade and other receivables		(276)	(752)
Increase / (decrease) in trade and other payables		538	(476)
(Decrease) / increase in provisions		(3,813)	1,086
Increase in financial instruments		(26)	(57)
Cash generated from operations		24,577	21,336
Interest paid		(2,464)	(2,508)
Tax paid		(3,687)	(2,748)
Net cash inflow from operating activities		18,426	16,080
Cash flows from investing activities			
Purchases of property, plant and equipment		(11,468)	(8,271)
Purchases of intangible assets		(578)	(687)
Proceeds from sale of property, plant and equipment		26	48
Interest received		90	28
Purchase of equity investment		(1,447)	(1,101)
Net cash used in investing activities		(13,377)	(9,983)
Cash flows from financing activities			
Net proceeds from issues of ordinary share capital		288	7
Purchase of own shares		(1,000)	(750)
Equity dividends paid to shareholders		(5,472)	(5,499)
Proceeds and draw-downs from bank loans		14,144	3,000
Repayment of amounts borrowed		(4,020)	(8,780)
Finance lease payments		(8)	(29)
Payments to fund defined benefit pension scheme deficit	10	(1,904)	(2,856)
Net cash generated from / (used in) financing activities		2,028	(14,907)
Net increase / (decrease) in cash and cash equivalents	9	7,077	(8,810)
Effects of exchange rate changes		397	(76)
Cash and cash equivalents at start of year		7,211	16,097
Cash and cash equivalents at end of year	9	14,685	7,211

Notes to the accounts

1. Basis of preparation

The condensed consolidated financial information contained in this announcement does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. The information has been extracted from the consolidated financial statements for the year ended 30 April 2012 approved by the Directors on 13 June 2012. The report of the auditors on those accounts was unqualified and did not contain an emphasis of matter paragraph nor any statement under Section 498 of the Companies Act 2006. The financial statements will be delivered to the Registrar of Companies after the Annual General Meeting. Statutory accounts of the Company in respect of the year ended 30 April 2011 were approved by the Board of Directors on 15 June 2011 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified and did not contain an emphasis of matter paragraph nor any statement under Section 498 of the Companies Act 2006.

The financial information prepared in accordance with the Group's IFRS accounting policies comprises the consolidated balance sheets as of 30 April 2012 and 30 April 2011, consolidated income statements for the years ended 30 April 2012 and 30 April 2011, consolidated statements of comprehensive income, consolidated cash flow statements and consolidated statements of changes in shareholders' equity for the years ended 30 April 2012 and 30 April 2011, together with related notes. This financial information has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Services Authority. In preparing this financial information management has used the principal accounting policies as set out in the Group's annual financial statements for the year ended 30 April 2011.

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.

The adjustments made to reported profit before tax are to exclude the following special items:

- Employee severance costs;
- Plant restructuring and impairment of related property, plant and equipment;
- Acquisition-related expenses;
- Accelerated amortisation of upfront loan arrangement fees; and
- Amortisation of acquisition-related intangible assets.

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

The directors also refer to EBITDA (earnings before interest, tax, depreciation and amortisation) as a performance indicator. EBITDA also adds back any profit or loss on disposal of property, plant and equipment and impairments.

Notes to the accounts

2. Segmental information

The Group has two divisions. Bepak is the drug delivery device division, a market leader in the supply of valves and other devices for respiratory applications and autoinjectors to global pharmaceutical companies. 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.

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

(a) Revenue

Revenue by business	2012	2011
	£000	£000
Revenue from products and services	93,477	83,805
Revenue from tooling and equipment	4,359	5,567
Bepak – Drug delivery (UK by origin)	97,836	89,372
King Systems - Anaesthesia (USA by origin)	43,286	43,410
Total revenues	141,122	132,782
Inter-segment revenues	(183)	(409)
Total revenue	140,939	132,373

Revenue by destination	2012	2011
	£000	£000
United Kingdom	24,496	20,717
United States of America	50,284	50,411
Europe	50,214	45,675
Rest of the World	15,945	15,570
Revenue	140,939	132,373

Inter-segment revenues represent sales from Bepak to King Systems.

Notes to the accounts

2. Segmental information (continued)

(b) Operating profit

	2012	2011
	£000	£000
Bespak - Drug delivery	18,245	15,635
Special items	1,067	(432)
Bespak - Drug delivery after special items	19,312	15,203
King Systems - Anaesthesia	3,292	4,817
Special items	(2,213)	(4,242)
King Systems - Anaesthesia after special items	1,079	575
Operating profit before special items	21,537	20,452
Special items	(1,146)	(4,674)
Operating profit after special items	20,391	15,778

(c) Net assets

Net assets by business segment	2012	2011
	£000	£000
Bespak - Drug delivery	62,027	55,710
King Systems - Anaesthesia	71,929	64,764
Total reportable segments	133,956	120,474
Unallocated assets	18,225	9,276
Unallocated liabilities	(61,898)	(50,132)
Net assets	90,283	79,618

Unallocated assets comprise:

Cash and cash equivalents	14,685	7,211
Current tax receivable	992	964
Investments	2,548	1,101
Total	18,225	9,276

Unallocated liabilities comprise:

Total borrowings	(52,338)	(40,966)
Taxation	(9,560)	(9,166)
Total	(61,898)	(50,132)

Exchange rates

	2012	2011
Average rate of exchange – USD: £ Sterling	1.59	1.56
Closing rate of exchange – USD: £ Sterling	1.62	1.67

Notes to the accounts

3. Special items

	2012	2011
	£000	£000
Employee severance costs	(289)	(1,576)
Plant restructuring and recall credit / (costs)	1,412	(280)
Acquisition-related expenses	(73)	(137)
	1,050	(1,993)
Amortisation of acquisition-related intangible assets	(2,196)	(2,681)
Special items charged to operating expenses	(1,146)	(4,674)
Accelerated amortisation of upfront loan arrangement fees	(414)	-
Special items before taxation	(1,560)	(4,674)
Tax on special items	776	1,917
Special items after taxation	(784)	(2,757)

Employee severance costs are in respect of the restructuring of UK operations and the transformation of manufacturing at the King Systems Division in the USA.

Plant restructuring costs and recall costs include a credit for an onerous property lease and reversal of a property, plant and equipment impairment, certain costs associated with the restructuring at King Systems and the cost of a supplier initiated product recall at King.

Acquisition-related expenses are the incremental costs to the Group of completing business combinations or equity investments and any diligence costs incurred in investigating potential investment opportunities.

The acquisition-related intangibles arose on the Group's acquisitions of King Systems Corporation in 2005 and of The Medical House in 2009.

The amortisation of upfront loan arrangement fees incurred during the Group's refinancing in 2010 has been accelerated following the refinancing of the loans in June 2012.

Notes to the accounts

4. Taxation

	2012	2011
	£000	£000
UK corporation tax	3,670	3,726
Overseas taxation	(20)	117
Deferred taxation	22	(1,499)
	3,672	2,344
The tax charge is analysed between:		
Tax on profit before special items	4,448	4,261
Tax on special items	(776)	(1,917)
	3,672	2,344

5. Earnings per share

	2012	2011
	£000	£000
The calculation of earnings per ordinary share is based on the following:		
Profit for the financial year	14,156	10,356
Profit for the year	14,156	10,356
Add back: Special items after taxation	784	2,757
Adjusted profit for the financial year	14,940	13,113
	Number	Number
Weighted average number of ordinary shares in issue for basic earnings	28,956,961	28,944,870
Weighted average number of shares owned by Employee Share Ownership Trust	(330,708)	(154,741)
Average number of ordinary shares for in issue for basic earnings	28,626,253	28,790,129
Dilutive impact of share options outstanding	919,982	550,257
Diluted weighted average number of ordinary shares in issue	29,546,235	29,340,386
	Pence	Pence
Basic earnings per ordinary share	49.5	36.0
Adjusted basic earnings per ordinary share	52.2	45.5
Diluted earnings per ordinary share	47.9	35.3
Adjusted diluted earnings per ordinary share	50.6	44.7

The number of shares in issue at the year-end was 29,011,408. No options over ordinary shares have been exercised since 30 April 2012.

Notes to the accounts

6. Trade and other receivables

	2012 £000	2011 £000
Trade receivables	16,185	14,757
Less: Provision for impairment of receivables	(252)	(48)
Trade receivables – net	15,933	14,709
Other receivables	923	855
Other taxation	311	922
Prepayments and accrued income	1,189	1,315
	18,356	17,801

7. Trade and other payables

	2012 £000	2011 £000
Amounts falling due within one year:		
Trade payables	10,648	12,119
Other taxation and social security	531	594
Other creditors	3,265	3,508
Accruals and deferred income	8,521	6,708
	22,965	22,929

8. Analysis of net debt

	2012 £000	2011 £000
Cash and cash equivalents	14,685	7,211
Revolving loan (USD)	(36,335)	(28,477)
Revolving loan (GBP)	(10,000)	(3,000)
Term loan (GBP)	(6,000)	(10,000)
Loan notes	-	(20)
Finance leases	(3)	(11)
Unamortised loan arrangement costs	-	542
	(37,653)	(33,755)

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

Notes to the accounts

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

	Cash and cash equivalents	Current borrowings	Non-current borrowings	Net debt
	£000	£000	£000	£000
At 30 April 2011	7,211	(4,031)	(36,935)	(33,755)
Cash flow for the year	7,077	-	-	7,077
Proceeds from new bank funding	-	-	(14,144)	(14,144)
Loan repayments	-	4,020	-	4,020
Finance leases – capital repayments	-	8	-	8
Re-categorise from non-current to current	-	(4,000)	4,000	-
Effects of exchange rate changes	397	-	(1,256)	(859)
At 30 April 2012	14,685	(4,003)	(48,335)	(37,653)

10. Defined benefit pension scheme deficit

	2012	2011
	Total	Total
	£000	£000
Pension deficit at start of year	6,405	13,284
Current service cost	1,033	1,053
Expected return on plan assets	(3,960)	(3,558)
Interest cost	3,930	3,930
Actuarial gains	(1,099)	(4,392)
Regular employer contributions	(1,038)	(1,056)
Employer contributions – deficit funding	(1,904)	(2,856)
Pension deficit at end of year	3,367	6,405

Notes to the accounts

11. Principal risks and uncertainties

The principal risks and uncertainties which could impact the Group's long-term performance will be disclosed in the Group's 2012 Annual Report and Accounts, a copy of which will be available on the Group's website: www.consortmedical.com.