

Consolidated Income Statement

For the year ended 30 April 2011

		2011 Before special items	2011 Special items (note 3)	2011 Total	2010 Before special items	2010 Special items (note 3)	2010 Total
	Note	£000	£000	£000	£000	£000	£000
Revenue from products and services		126,806	-	126,806	118,592	-	118,592
Revenue from tooling and equipment		5,567	-	5,567	6,540	-	6,540
Revenue	2	132,373	-	132,373	125,132	-	125,132
Operating expenses		(111,921)	(4,674)	(116,595)	(106,459)	(6,482)	(112,941)
Operating profit	2	20,452	(4,674)	15,778	18,673	(6,482)	12,191
Finance income		28	-	28	220	-	220
Finance costs		(2,461)	-	(2,461)	(1,340)	-	(1,340)
Other finance costs		(645)	-	(645)	(677)	-	(677)
Profit on disposal of investment in associate		-	-	-	-	67	67
Profit before tax		17,374	(4,674)	12,700	16,876	(6,415)	10,461
Taxation	4	(4,261)	1,917	(2,344)	(4,586)	2,177	(2,409)
Profit for the financial year		13,113	(2,757)	10,356	12,290	(4,238)	8,052
Basic earnings per ordinary share	5	36.0p			27.8p		
Diluted earnings per ordinary share	5	35.3p			27.3p		

Non-GAAP measures:

		£000	£000
Adjusted profit before tax		17,374	16,876
Adjusted profit after tax		13,113	12,290
Adjusted basic earnings per ordinary share	5	45.5p	42.5p
Adjusted diluted earnings per ordinary share	5	44.7p	41.7p

Consolidated Statement of Comprehensive Income

For the year ended 30 April 2011

	Note	2011 £000	2010 £000
Profit for the financial year		10,356	8,052
Other comprehensive income			
Fair value movements on cash flow hedges		(88)	342
Deferred tax on fair value movements on cash flow hedges		25	(96)
Exchange movements on translation of foreign subsidiaries		(3,057)	(767)
Current tax on exchange movements		86	138
Actuarial gains/(losses) on defined benefit pension scheme	10	4,392	(3,544)
Current tax on actuarial gains		696	-
Deferred tax on actuarial gains/(losses)		(1,926)	992
Impact of change in tax rates		(216)	-
Other comprehensive loss for the year		(88)	(2,935)
Total comprehensive income for the year		10,268	5,117

Consolidated Balance Sheet

at 30 April 2011

	Note	2011 £000	2010 £000
Assets			
Non-current assets			
Property, plant and equipment		51,539	48,132
Goodwill		58,470	62,177
Other intangible assets		14,457	17,296
Investments		1,101	-
		125,567	127,605
Current assets			
Inventories		15,335	11,962
Trade and other receivables	6	17,801	17,554
Derivative financial instruments		70	13
Current tax assets		964	94
Cash and cash equivalents	8	7,211	16,097
		41,381	45,720
Total assets		166,948	173,325
Liabilities			
Current liabilities			
Borrowings	9	(4,031)	(9,064)
Trade and other payables	7	(22,929)	(21,321)
Derivative financial instruments		(348)	(260)
Current tax liabilities		(2,455)	(1,219)
Provisions and other liabilities		(2,597)	(2,687)
		(32,360)	(34,551)
Net current assets		9,021	11,169
Non-current liabilities			
Borrowings	9	(36,935)	(40,217)
Deferred tax liabilities		(6,711)	(6,605)
Defined benefit pension scheme deficit	10	(6,405)	(13,284)
Provisions and other liabilities		(4,919)	(3,582)
		(54,970)	(63,688)
Total liabilities		(87,330)	(98,239)
Net assets		79,618	75,086
Shareholders' equity			
Share capital		2,895	2,895
Share premium		32,385	32,378
Retained earnings		44,332	36,773
Other reserves		6	3,040
Total equity		79,618	75,086

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 2009	2,895	32,378	37,024	(434)	3,857	75,720
Profit for the financial year	-	-	8,052	-	-	8,052
Other comprehensive income:						
Exchange movements on translation of foreign subsidiaries	-	-	-	-	(767)	(767)
Actuarial losses on defined benefit scheme	-	-	(3,544)	-	-	(3,544)
Fair value movements on cash flow hedges	-	-	-	342	-	342
Tax on amounts taken directly to equity	-	-	992	(96)	138	1,034
Total comprehensive income /(loss)	-	-	5,500	246	(629)	5,117
Transactions with owners:						
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	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

Consolidated Cash Flow Statement

For the year ended 30 April 2011

	Note	2011 £000	2010 £000
Cash flows from operating activities			
Profit on ordinary activities before taxation		12,700	10,461
Finance income		(28)	(220)
Finance costs		2,461	1,340
Other finance costs		645	677
Profit on disposal of investment in associate		-	(67)
Operating profit from continuing operations		15,778	12,191
Depreciation		6,146	6,761
Amortisation		2,957	2,666
Loss on disposal of property, plant and equipment		88	22
Share-based payments		299	(11)
Decrease /(increase) in inventories		(3,733)	85
Increase in trade and other receivables		(752)	(1,093)
Decrease in trade and other payables		(476)	(130)
Increase in provisions		1,086	401
(Increase)/decrease in financial instruments		(57)	165
Cash generated from operations		21,336	21,057
Interest paid		(2,508)	(1,398)
Tax paid		(2,748)	(3,709)
Net cash inflow from operating activities		16,080	15,950
Cash flows from investing activities			
Purchases of property, plant and equipment		(8,271)	(5,893)
Purchases of intangible assets		(687)	(165)
Proceeds from sale of property, plant and equipment		48	464
Interest received		28	246
Proceeds from disposal of investment		-	128
Investment		(1,101)	-
Acquisition of subsidiary		-	(12,143)
Net cash used in investing activities		(9,983)	(17,363)
Cash flows from financing activities			
Net proceeds from issues of ordinary share capital		7	-
Purchase of own shares		(750)	(249)
Equity dividends paid to shareholders		(5,499)	(5,528)
Proceeds from new bank funding		3,000	41,025
Repayment of amounts borrowed		(8,780)	(4,372)
Finance lease payments		(29)	(57)
Payments to fund defined benefit pension scheme deficit	10	(2,856)	(2,763)
Net cash (used in)/generated from financing activities		(14,907)	28,056
Net (decrease)/increase in cash and short-term borrowings	9	(8,810)	26,643
Effects of exchange rate changes		(76)	781
Overdraft acquired		-	(740)
Cash and short-term borrowings at start of year		16,097	(10,587)
Cash and cash equivalents at end of year	9	7,211	16,097

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 2011 approved by the Directors on 15 June 2011. 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 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 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 2011 and 30 April 2010, consolidated income statements for the years ended 30 April 2011 and 30 April 2010, consolidated statements of comprehensive income, consolidated cash flow statements and consolidated statements of changes in shareholders' equity for the years ended 30 April 2011 and 30 April 2010, 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 2010 with the exception of the adoption of IFRS 3 (revised), "Business combinations", which came into effect during 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 costs:

- Exceptional income and charges. These are largely one-off in nature and therefore create volatility in reported earnings; and
- Amortisation of acquisition-related intangible assets.

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

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 from continuing operations

Revenue by business	2011	2010
	£000	£000
Revenue from products and services	83,805	77,654
Revenue from tooling and equipment	5,567	6,540
Bepak – Drug delivery (UK by origin)	89,372	84,194
King Systems - Anaesthesia (USA by origin)	43,410	41,140
Total revenues	132,782	125,334
Intra segment revenues	(409)	(202)
Total revenue	132,373	125,132

Revenue by destination	2011	2010
	£000	£000
United Kingdom	20,717	23,932
United States of America	50,411	49,465
Europe	45,675	43,902
Rest of the World	15,570	7,833
Revenue	132,373	125,132

Notes to the accounts

2. Segmental information (continued)

(b) Operating profit from continuing operations

	2011	2010
	£000	£000
Bespak - Drug delivery	15,635	14,091
Special items	(432)	(3,010)
Bespak - Drug delivery after special items	15,203	11,081
King Systems - Anaesthesia	4,817	4,582
Special items	(4,242)	(3,472)
King Systems - Anaesthesia after special items	575	1,110
Operating profit before special items	20,452	18,673
Special items	(4,674)	(6,482)
Operating profit after special items	15,778	12,191

(c) Net assets

Net assets by business segment	2011	2010
	£000	£000
Continuing operations		
Bespak - Drug delivery	55,710	44,963
King Systems - Anaesthesia	64,764	71,037
Total reportable segments	120,474	116,000
Unallocated assets	9,276	16,191
Unallocated liabilities	(50,132)	(57,105)
Net assets	79,618	75,086
Unallocated assets comprise:		
Cash and cash equivalents	7,211	16,097
Current tax receivable	964	94
Investments	1,101	-
Total	9,276	16,191
Unallocated liabilities comprise:		
Total borrowings	(40,966)	(49,281)
Taxation	(9,166)	(7,824)
Total	(50,132)	(57,105)

Exchange rates	2011	2010
Average rate of exchange – USD: £ Sterling	1.56	1.60
Closing rate of exchange – USD: £ Sterling	1.67	1.53

Notes to the accounts

3. Special items

	2011	2010
	£000	£000
Employee severance costs	(1,576)	(2,702)
Plant restructuring and recall costs	(280)	(1,380)
Acquisition-related expenses	(137)	-
	(1,993)	(4,082)
Amortisation of acquisition-related intangible assets	(2,681)	(2,400)
Special items charged to operating expenses	(4,674)	(6,482)
Profit on disposal of investment in associate	-	67
Special items before taxation	(4,674)	(6,415)
Tax on special items	1,917	2,177
Special items after taxation	(2,757)	(4,238)

Employee severance costs are in respect of the restructuring of the Bespak Division 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 (2010: expense), 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 profit on disposal of investment in associate in 2010 related to the sale of the Group's investment in Emergent Respiratory Products Inc.

Notes to the accounts

4. Taxation

	2011	2010
	£000	£000
UK corporation tax	3,726	890
Overseas taxation	117	1,412
Deferred taxation	(1,499)	107
	2,344	2,409
The tax charge is analysed between:		
Tax on profit before special items	4,261	4,586
Tax on special items	(1,917)	(2,177)
	2,344	2,409

5. Earnings per share

	2011	2010
	£000	£000
The calculation of earnings per ordinary share is based on the following:		
Profit for the financial year	10,356	8,052
Profit for the period from continuing operations	10,356	8,052
Add back: Special items after taxation	2,757	4,238
Adjusted profit for the financial year	13,113	12,290
	Number	Number
Weighted average number of ordinary shares in issue for basic earnings	28,944,870	28,943,922
Weighted average number of shares owned by Employee Share Ownership Trust	(154,741)	(6,496)
Average number of ordinary shares for in issue for basic earnings	28,790,129	28,937,426
Dilutive impact of share options outstanding	550,257	522,236
Diluted weighted average number of ordinary shares in issue	29,340,386	29,459,662
	Pence	Pence
Basic earnings per ordinary share	36.0	27.8
Adjusted basic earnings per ordinary share	45.5	42.5
Diluted earnings per ordinary share	35.3	27.3
Adjusted diluted earnings per ordinary share	44.7	41.7

The number of shares in issue at the year-end was 28,945,789. No options over ordinary shares have been exercised since 30 April 2011.

Notes to the accounts

6. Trade and other receivables

	2011 £000	2010 £000
Trade receivables	14,757	15,079
Less: Provision for impairment of receivables	(48)	(57)
Trade receivables – net	14,709	15,022
Other receivables	855	596
Other taxation	922	591
Prepayments and accrued income	1,315	1,345
	17,801	17,554

7. Trade and other payables

	2011 £000	2010 £000
Amounts falling due within one year:		
Trade payables	12,119	9,199
Other taxation and social security	594	506
Other creditors	3,508	3,542
Accruals and deferred income	6,708	8,074
	22,929	21,321

8. Analysis of net debt

	2011 £000	2010 £000
Cash and cash equivalents	7,211	16,097
Revolving loan (USD)	(28,477)	(31,025)
Revolving loan (GBP)	(3,000)	-
Term loan (USD)	-	(3,429)
Term loan (GBP)	(10,000)	(10,000)
Loan notes	(20)	(5,599)
Finance leases	(11)	(40)
Unamortised loan arrangement costs	542	812
	(33,755)	(33,184)

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 2010	16,097	(9,064)	(40,217)	(33,184)
Cash flow for the year	(8,789)	(21)	-	(8,810)
Proceeds from new bank funding	-	-	(3,000)	(3,000)
Loan repayments	-	8,780	-	8,780
Finance leases – capital repayments	-	29	-	29
Re-categorise from non-current to current	-	(4,000)	4,000	-
Effects of exchange rate changes	(97)	245	2,282	2,430
At 30 April 2011	7,211	(4,031)	(36,935)	(33,755)

10. Defined benefit pension scheme deficit

	2011	2010
	Total	Total
	£000	£000
Pension deficit at start of year	13,284	12,081
Current service cost	1,053	928
Expected return on plan assets	(3,558)	(2,873)
Interest cost	3,930	3,550
Actuarial (gains)/losses	(4,392)	3,544
Regular employer contributions	(1,056)	(1,183)
Employer contributions – deficit funding	(2,856)	(2,763)
Pension deficit at end of year	6,405	13,284

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 2011 Annual Report and Accounts, a copy of which will be available on the Group's website: www.consortmedical.com.