CONSORT MEDICAL

Consort Medical plc
16 June 2016

Final results

Consort Medical delivers strong growth in revenue and profit
Maintains outlook for new financial year

Consort Medical plc (LSE: CSRT) ("Consort", "Consort Medical" or the "Group"), a leading, global, single source pharma services drug and delivery device company, today announces its audited results for the year ended 30 April 2016. These results reflect the first full year of ownership of Aesica, which became part of the Group in November 2014.

Financial Highlights

GBPm	**12 months ended**	**FY2016 30 Apr 2016**	**Δ**	**FY2015 @CC[1,3] 30 Apr 2015**	**FY2015[3] 30 Apr 2015**
Revenue		276.9	50.4%	184.1	184.8
EBIT[2]		37.0	47.8%	25.0	25.1
EBT[2]		32.3	42.5%	22.6	22.7
Basic Adjusted EPS[2]		57.6p	9.9p	47.7p	47.8p
Statutory Measures					
EBT		11.2			5.5
Basic EPS		30.7p			12.2p

[1] CC – at constant currency. [2] Before special items of £21.0m – special items include amortisation of acquired intangible assets, reorganisation costs, advisory and acquisition costs. [3] Aesica became part of Consort Medical on 12 November 2014.

- Strong Bespak revenue growth of 10.8%, with significant operating leverage delivering 20.4% EBIT growth and 170bps EBIT margin growth to 21.5%
- Significant growth in Aesica EBIT following reorganisation actions and streamlined operational performance: organic EBIT up £2.7m, and encouraging EBIT margin growth of 210bps to 7.4%
- Adjusted basic EPS was 20.5% higher than FY2015 at 57.6p, as a result of the strong operating leverage, and margin expansion
- Final proposed dividend of 12.56p, an increase of 7.5% reflecting the strong financial performance and the Board's confidence in the Group's prospects
- Net debt reduction from £99.2m to £97.0m, with gearing (Net debt: EBITDA) at 30 April 2016 reducing to 1.92x, achieving the Group gearing target set at the time of the Aesica acquisition

Operational Highlights

- DEV610 unveiled as DPI for Mylan generic Advair; potential GDUFA date 28 March 2017 (See separate press release)
- Bespak added two development programmes for Aeropharm, and Precision Ocular (the Group's first combined device / formulation contract)
- Completion of the semi-continuous line project development, with product approval and launch in Aesica
- Completion of post-acquisition reorganisation in Aesica, including German reorganisation, relocation of Nottingham FDD to Queenborough, and downscaling of Newcastle office

- Further progress in joint Bespak / Aesica service offering with enthusiastic market response, and first combined contract win with Precision Ocular
- Equity investment of £3.3m in Precision Ocular, with £2.0m first tranche paid up
- Successful commercial unveiling of Syrina® 2.25 compact autoinjector

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

"Consort has again delivered strong organic growth. In Bespak this has once again been delivered through strong revenue growth and operating leverage. In its first full year under Consort ownership, Aesica has now been largely integrated, and delivered improved operating performance resulting in strong organic growth. The Group has achieved continued progress with opportunities in development and innovation.

"Consort's development and innovation programmes are also providing a healthy pipeline for future organic growth. The new financial year has started well, and the Board remains confident of Consort meeting its growth expectations for the full year ending 30 April 2017."

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Notes:

1. Foreign Exchange Rates
    a. Period end exchange rates 30 April 2016: EUR1.28: GBP1.0; USD1.46: GBP1.0.
    b. Average exchange rate 1 May 2015 to 30 April 2016: EUR1.36: GBP1.0; USD1.50: GBP1.0.
    c. Period end exchange rates 30 April 2015: EUR1.39: GBP1.0; USD1.54: GBP1.0.
    d. Average exchange rates 12 November 2014 to 30 April 2015: EUR1.33: GBP1.0; USD1.52: GBP1.0.

2. Aesica / Group FY2015 comparatives
   Aesica was acquired by Consort in November 2014; hence FY2015 only consolidated 6 months of Aesica's financial performance.

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

Our businesses

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

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

We employ c.2000 people globally of which c.1400 are located in the UK. We have UK facilities in King's Lynn, Cambridge, Nelson, Milton Keynes, Cramlington, Queenborough and Hemel Hempstead, German facilities in Monheim and Zwickau and a facility in Pianezza, Italy. Consort Medical is a public company quoted on the premium list of the London Stock Exchange (LSE: CSRT). www.consortmedical.com.

Consort Medical plc

Chairman and Chief Executive's Combined Review

Strong financial and operational performance across the Group

Consort Medical has continued to deliver strong organic growth in the year, enhanced its operating performance, largely completed the integration of Aesica, and has made substantial progress on its development and innovation pipelines.

Summary of Financial Performance

Revenue increased by £92.1m (49.8%) to £276.9m (FY2015: £184.8m) with Bespak delivering continued growth of 10.8% to £117.2m (FY2015: £105.8m). In its first full year in Consort, Aesica revenue grew 102.1% to £159.7m which included organic growth of £1.4m (1.8%) and acquisition growth of £80.1m (101.4%) at constant exchange rates.

EBIT before special items increased by 47.6% to £37.0m (FY2015: £25.1m). This included 20.4% growth from Bespak to £25.2m (FY2015: £20.9m), which continues to deliver strong operating leverage from higher revenues. Bespak EBIT margin increased by 170bps to 21.5%. Aesica EBIT increased 185.0% to £11.8m, with EBIT margin growing 210bps to 7.4% reflecting strong organic growth from volume and improved operating performance of £2.7m (64.9%), and acquisition growth of £5.0m (121.5%) at constant exchange rates.

Special items amounted to £21.0m in the year (FY2015: £17.2m): this comprises amortisation of intangibles, Aesica integration reorganisation costs, advisory and acquisition costs.

Finance costs grew 99.4% to £4.7m (FY2015: £2.4m), reflecting the first full year of borrowings following the acquisition of Aesica. Group Earnings before tax and special items increased by 42.2% to £32.3m (FY2015: £22.7m). Adjusted basic EPS increased by 20.5% to 57.6p per share (FY2015: 47.8p). Basic EPS increased by 152.2% to 30.7p per share (FY2015: 12.2p).

Cash generated from operations[1] increased by £25.7m to £54.1m (FY2015: £28.4m). EBITDA before special items grew £15.1m (45.3%) to £48.3m (FY2015: £33.2m). Bespak EBITDA grew 16.0% to £30.4m, with Aesica adding 154.6% of EBITDA to £17.9m. Working capital decreased £20.2m to £14.0m (FY2015: £34.1m), which represents 5.0% of sales (FY2015: 12.3%). Capital expenditure of £21.5m (FY2015: £20.7m) included £12.7m from Bespak (FY2015: £16.9m), as expenditure on the significant planned investments in facilities and production capacity for DEV200 and DEV610 neared completion, and £8.8m from Aesica in its first full year within Consort.

The Group balance sheet closed with a net debt position of £97.0m (FY2015: £99.2m), representing gearing of 1.92x Net Debt: EBITDA, comfortably within the banking facility covenant (maximum 3.0x) and in line with our expectations communicated at the time of the Aesica acquisition of below 2.0x. Interest cover was 13.8x against a covenant minimum of 3.0x. The Group has comfortable cash resource availability, with total committed facilities of £161.2m.

The Board is proposing an increased final dividend of 12.56p (FY2015: 11.68p), making a total dividend for the year of 19.31p (FY2015: 18.11p).

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

Joint Bespak / Aesica Commercial Activities

A core objective of the acquisition of Aesica was to harness, over time, significant cross-selling opportunities, and to secure development and manufacturing opportunities for combined drug and device services. The Bespak and Aesica commercial teams have continued working closely together in a joint mission, to facilitate introductions for their sister division's commercial teams to access their core customer relationships, and to work together jointly to secure combined formulation and device contracts.

Since the acquisition, a number of joint Bespak and Aesica meetings have been held with customers and the consequent reaction has been encouraging.

In addition, cross-selling introductions have led to firm enquiries in a variety of device opportunities for Bespak, for both customer and Bespak IP platforms.

In October 2015, the Group launched its new branding at the CPHI exhibition in Madrid. This is the largest global trade event for the pharma services industry and Bespak and Aesica exhibited together on the same stand drawing a significant amount of new and existing customer interest and enquiries.

In February 2016, the Group won its first combined Bespak and Aesica opportunity, securing an important development and supply agreement, covering both device development / manufacturing and fill / finish services with Precision Ocular for their novel ocular device and drug applications. This exciting new partnership will draw on the skills and expertise of both Bespak and Aesica, and is an important demonstration of the value of our single solution for device and drug combinations. In addition, it extends our competencies into the ocular therapeutic area in line with our stated strategy. A significant attraction for Precision Ocular was Consort's ability to offer a "one stop shop" for development and eventual commercial manufacture of the final filled, finished and packaged product.

Investment in Precision Ocular

Following the signing of a development agreement with Precision Ocular for the development and manufacturing of the novel delivery device technology and fill finish, Consort subscribed to an equity financing completed by Precision Ocular. The financing will raise a total of £13.5m. Investors include Imperial Innovations, Hovione, NeoMed and Consort. Of the £13.5m equity raise, Consort's investment is expected to be a total of £3.3m, of which the first tranche was £2.0m, giving the Group a 12.2% shareholding, rising to 13.7% after the second tranche. Consort Medical also has a Board seat at Precision Ocular.

We believe Precision Ocular's proprietary drug products and drug delivery system has the potential to be a platform technology with broad applicability. Precision Ocular's novel drug products and drug delivery system is designed to access specific small spaces in the eye and to provide unique drug distribution to tissues specifically involved in retinal diseases. This unique approach effectively optimizes the pharmacokinetics and pharmacodynamics of both existing and new ophthalmic therapeutic agents. It may also increase therapeutic effectiveness, reduce side effects and minimize the frequency of treatment for certain patient groups.

Consort is a leading company in innovation and our participation in Precision Ocular's equity financing once again highlights our commitment to investing in companies that are at the forefront of the development of new treatments, new markets and new opportunities.

Bespak Business Review

Operations

	FY2016	**Organic**	**Δ%**	**Acquisition**	**Δ%**	**Currency**	**Δ%**	**FY2015**
Revenue	£117.2m	£11.4m	10.8%	-	-	-	-	£105.8m
EBITDA	£30.4m	£4.2m	16.0%	-	-	-	-	£26.2m
EBITDA margin %	26.0%							24.8%
EBIT	£25.2m	£4.3m	20.4%	-	-	-	-	£20.9m
EBIT margin %	21.5%							19.8%

Bespak has a well-established and diverse core business of products in volume manufacturing. Once again, the business performed strongly in the year with the production of the 2 billionth HFA pMDI valve, as well as winning two new development contracts.

Revenue grew 10.8% to £117.2m with growth in all segments. MDI produced a particularly strong revenue performance with 7.1% growth, especially in valve sales. DPI grew revenue 1.6% with continuing growth from the Chiesi NEXThaler. Other sales continued this trend with growth of 49.3%, including a doubling of sales in Injectables. Included in these segments, service revenue also continued its strong contribution given the growing development and innovation pipelines.

Overall, with all segments growing, the positive diversification trend has continued, with the proportion of sales by segment for MDI at 51.1% (FY2015: 52.9%), DPI at 31.2% (FY2015: 34.0%), and Other 17.7% (FY2015: 13.2%). In 2012, Other sales were just 8.0% of Bespak's total sales, and have therefore more than doubled in the last four years, delivering on our diversification strategy.

The strong revenue performance significantly translated to EBIT growth, which increased 20.4% to £25.2m, delivering strong operating leverage from the increased volume and further benefits driven from continuous improvement initiatives as EBIT margin increased 170bps to 21.5%.

Product Development

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

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

In the period, we successfully added two new projects to our development pipeline. These include one respiratory project and one ocular, which is Bespak's first project in this therapeutic area:

- *VAL050 is a significant new development and supply agreement for our proprietary pMDI valve and actuator technology for Aeropharm GmbH, a Sandoz company*
- *OCU050 is a development contract for Precision Ocular for their novel drug products and drug delivery system, which is designed to access specific small spaces in the eye and to provide unique drug distribution to tissues specifically involved in retinal diseases*

With the addition of the two new programmes, the portfolio has grown to 14 live programmes. The status of the major programmes currently in our development pipeline is listed below.

Project	**Description**	**Customer**	**Status**
VAL310	Easifill primeless valve	US Pharma	Awaiting regulatory approval
INJ570	Auto-injector	Global Pharma	Awaiting regulatory approval
VAL020	MDI valve	Global Pharma	Stability trials complete; customer progressing towards approval and launch
DEV200	Nicotine delivery	Nicovations	We remain committed to the delivery of the product for successful launch, which we are hopeful of in the next 12 months
POC010	POC Test Cartridge	Atlas Genetics	CE marking granted for Chlamydia; Combined Chlamydia / Gonorrhoea test cartridge development progressing
NAS020	Nasal device	Global Generic	Formulation change; brief under review
DEV610	DPI	Mylan	Potential GDUFA date 28 March 2017
NAS030	Nasal device	Pharma Co.	Early stage programme

INJ600	PatchPump® infusion system for Treprostinel	SteadyMed Therapeutics Inc.	Good progress made. NDA submission planned Q4 2016
INJ650	ASI® Auto-injector	Global Generic	Continuing progress; early stage
INJ700	Lila Mix® Injector	Pharma Co.	Development programme on track
IDC300	Oral IDC	Pharma Co.	Good progress; launch expected H1 2017
VAL050	MDI valve / actuator	Aeropharm	Awarded November 2015
OCU050	Ocular device / formulation / filling	Precision Ocular	Awarded February 2016; first combined Bespak / Aesica programme

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

From the existing programmes in the pipeline, the following are the most notable updates:

- VAL020: following the completion of stability trials, the pMDI valve has received customer approval, and regulatory approval planning follows
- DEV200: the Voke inhaler is a technically complex design which presents a number of challenges. We remain committed to the delivery of the product for successful launch, which we are hopeful of in the next 12 months
- DEV610: solid progress with device validations. DEV610 unveiled as DPI for Mylan generic Advair; potential GDUFA date 28 March 2017 (See separate press release)

Innovation

The Innovation team has continued to be highly active on a number of fronts over the past year. The team has now grown to 22 people at its own dedicated facilities in Cambridge, and we plan to grow this further during the forthcoming year.

The commercial and innovation teams continue to generate very strong interest in our new technology platforms on a range of opportunities. The Innovation pipeline has progressed broadly during the period across a number of therapeutic areas and technologies.

Syrina®, Lila® & Lapas® Update

Following the commercial unveiling of Vapoursoft®, Syrina®, Lila®, and Lapas®, we continue to generate widespread interest from several pharma companies with injectable drug portfolios. At present we have an active portfolio of two early stage Vapoursoft® powered Syrina® auto-injector development programmes. We have two programmes actively developing the Lila® Mix® and Duo® technologies. We also have one early stage development programme centred on our Vapoursoft® powered Lapas® technology.

Launch of Bespak's Syrina® 2.25 Auto-injector

In November 2015, Bespak unveiled its latest addition to the Syrina® range of auto-injectors at the PDA Europe 2015 exhibition/conference. The new Syrina® 2.25 is one of the most compact auto-injectors available today, utilising a standard 2.25ml pre-filled syringe, and based on Bespak's proprietary Vapoursoft® technology.

Its benefits include:

- Self-administration, which reduces the treatment cost to the health system as the patient does not need to attend a clinic; and
- Simple adaptability of dose size/power source dependent on drug and viscosity, providing lower configurability/adaptability risk and a simple delivery mechanism for pharma clients.

The target drug market includes biologics, where the viscosity and volume of some drugs means that there is significant benefit from powered injection. The platform incorporates our proprietary Vapoursoft® technology to "power" the injection for large dosage volumes and a very wide range of viscosities.

Aesica Business Review

Operations

	FY2016	Organic[1]	Δ%	Acquisition[2]	Δ%	Currency[3]	Δ%	FY2015
Revenue	£159.7m	£1.4m	1.8%	£80.1m	101.4%	£(0.8)m	(1.1)%	£79.0m
EBITDA	£17.9m	£2.7m	38.4%	£7.6m	108.5%	£0.6m	8.1%	£7.0m
EBITDA margin %	11.2%							8.9%
EBIT	£11.8m	£2.7m	64.9%	£5.0m	121.5%	£(0.1)m	(2.9)%	£4.2m
EBIT margin %	7.4%							5.3%

[1] Organic – H2 FY2016 less H2 FY2015 at constant currency. [2] Acquisition – H1 FY2016 at constant currency. [3] Currency retranslation effects from historically reported to constant (FY2016 Average).

FY2016 saw Aesica's first full year within Consort. In order to provide a means of monitoring Aesica's development on a like-for-like basis, a bridge of FY2016 to FY2015 is provided in the table above, showing organic and acquisition growth and currency exchange rate effects. Aesica was acquired by Consort in November 2014, hence FY2015 only consolidated 6 months of Aesica's financial performance.

Aesica revenue grew 102.1% to £159.7m, which included organic growth of £1.4m (1.8%) and acquisition growth of £80.1m (101.4%) at constant exchange rates. Aesica has grown its business in anaesthetics during the year, with both customer and product diversity, mainly from its Queenborough facility.

Aesica has made solid progress in the year in improving its operating performance into increased EBIT and EBIT margin. EBIT in FY2016 grew by 185.0% to £11.8m, with EBIT margin growing 210bps to 7.4%, reflecting strong organic growth from volume and improved operating performance of £2.7m (64.9%) and acquisition growth of £5.0m (121.5%), at constant exchange rates. This follows sustained and growing improvements in operational performance across the network from upgrades to teams and processes, as well as a continued focus on the elimination and management of low margin products. In addition, restructuring actions (see below) have begun to deliver operational savings in the current year, with further benefits to be received in the forthcoming year. This has propelled the EBIT margin to 7.4% in FY2016, an increase of 210 bps over the prior year (FY2015: 5.3%).

Post-acquisition integration restructuring actions signposted 12 months ago have been completed at a cost of £6.5m – within the previously communicated budget of £7.7m:

- The Newcastle corporate office has been closed, with the remaining shared service functions moved to smaller local facilities
- The restructuring in Germany has completed, with consolidation of warehousing and a move to cell based manufacturing
- The Nottingham site has closed and the Finished Dose Development activities have been relocated to existing refurbished facilities at the Queenborough site

Aesica has maintained a solid regulatory track record during the year with successful FDA and MHRA audits at some of its sites, as well as ongoing customer audits. A large pharmaceutical company and major customer awarded Aesica an External Supplier Award, reflecting Aesica's strong focus on reliability, service and quality.

Business Development and Innovation

Following the closure and relocation of the Finished Dose Development Centre from Nottingham to Queenborough, it has received its first new contract at the newly recommissioned facilities and has generated a high level of interest and site visits from both large pharmaceutical and small 'virtual' pharmaceutical customers. Its initial business focus will be on Potents and other high demand areas.

In FY2015, Aesica concluded a product development programme for a product manufactured using the first semi-continuous processing line and technology installed at a CDMO. The product is now approved and launched in the first major market, with others expected to follow over the next 24 months.

Aesica has been working with a leading Japanese pharmaceutical company to provide the active ingredient for an anti-inflammatory formulation containing S+flurbiprofen. The patch has received market approval from the Ministry of Health, Labour and Welfare in Japan for the indication of osteoarthritis. Aesica is in the process of supplying API materials for launch stock under a new long term supply agreement, with demand for the new formulation expected to grow steadily from 2016.

Aesica provides an integrated supply chain management service to some of its customers and has announced the extension of this service. In addition to providing its finished dose, packaging and release operations to the customer, the service model provides management of product supply chains of upstream and downstream processes at third party suppliers on the customer's behalf. This additional service enables the customer to reduce the overall number of CDMO partners it deals with. Aesica has been routinely offering this service to two of its customers and market feedback clearly points to other opportunities with existing and new customers.

During the year, the business has identified a number of attractive business development opportunities from investment in additional capabilities, or upgrade and expansion of existing ones. These incremental capex programmes will take place over the next 24 months.

Pipeline
Aesica is primarily focussed on two pools of business development: development services and manufacturing services, with some overlap between the two.

- Development services applies know-how in API / formulation development to a wide range of project opportunities for a wide range of customers at different stages of the clinical trial cycle
- Manufacturing services revenue mainly comes from the application of its process technology and know-how to specific API and drug product manufacturing opportunities, many of which may be different from those API / formulation development opportunities

The Aesica commercial team is focused on a growing pipeline of API / formulation development and manufacturing opportunities. There is significant contractual and commercial confidentiality as to the identity of specific projects and contracts.

Outlook

Consort has again delivered strong organic growth. In Bespak this has once again been delivered through strong revenue growth and operating leverage. In its first full year under Consort ownership, Aesica has now been largely integrated, and delivered improved operating performance resulting in strong organic growth. The Group has achieved continued progress with opportunities in development and innovation.

Consort's development and innovation programmes are also providing a healthy pipeline for future organic growth. The new financial year has started well, and the Board remains confident of Consort meeting its growth expectations for the full year ending 30 April 2017.

[1] *Cash flow performance metrics are before any cash paid relating to special items.*

Financial Review

Consort has again delivered strong financial performance in FY2016, as material organic revenue growth produced significant operating leverage and EBIT growth, with margin expansion in both businesses. The Group has reduced Net debt whilst continuing its elevated level of capital expenditure to support future development pipeline opportunities, and coupled with growth in EBITDA has reduced its Net debt to EBITDA covenant to below 2.0x as predicted and on schedule.

Income Statement

Group revenue grew by £92.1m (49.8%) to £276.9m (FY2015: £184.8m), from organic growth in Bespak and from organic and acquisition growth in Aesica. EBIT before special items increased by £11.9m (47.6%) to £37.0m (FY2015: £25.1m), from organic volume and productivity growth in both businesses, with EBIT margin of 13.4% (FY2015: 13.6%). Further analysis of Bespak and Aesica Revenue, EBITA, EBIT and margins is provided in the Business Reviews within the Chief Executive's Review.

With a full year of utilisation of the Group's borrowing facilities following the acquisition of Aesica in November 2014 (about half way through FY2015), Finance costs increased to £4.7m (FY2015: £2.4m). The net effect of the increased EBIT and the increased Finance costs was an increase in Earnings before tax before special items of £9.6m (42.2%) to £32.3m (FY2015: £22.7m).

Earnings before tax after special items also increased by £5.7m (104%) to £11.2m (FY2015: £5.5m). Earnings after tax before special items increased 44.6% to £28.1m (FY2015: £19.4m). Adjusted basic EPS increased by 20.5% to 57.6p per share (FY2015: 47.8p). Basic unadjusted EPS increased by 152.2% to 30.7p per share (FY2015: 12.2p) (See note 6).

Taxation

The tax charge before special items was £4.2m (FY2015: £3.3m) resulting in an effective rate of 13.0% (FY2015: 14.4%). The tax credit on special items was £8.9m (FY2015: tax credit £4.0m). The total tax credit was £4.7m (FY2015: tax credit £0.7m) (See note 5).

Following the introduction in 2013 of the Research and Development Expenditure Credit (RDEC), the Group has realised an R&D tax credit of £2.4m in the year which was recognised through EBIT in the period, benefitting both Bespak and Aesica.

Bespak continues to benefit from the progressive implementation of the UK's Patent Box regime on earnings from its patented products. The benefit in the year was £1.2m in its cash tax (FY2015: £1.1m).

The Group's effective tax rate (ETR) has fallen from 14.4% to 13.0%. This has been contributed to by a combination of factors, including the Patent Box, prior year tax adjustments, increased capital allowances, utilisation of brought forward losses in the Medical House. Some of the prior year tax adjustments and utilisation of brought forward losses are not expected to repeat in FY2017, and the ETR is expected to increase to c.18%, subject to the mix of Bespak sales (IP and non IP protected), and the mix of the Aesica sales between UK, Germany and Italy.

The Group's Tax strategy continues to follow the commercial development of the business, whilst taking advantage of government tax incentive policies where available in the jurisdictions within which it operates. The Group continues to be rated low risk by HMRC.

Dividend

The Board has reviewed the dividend and is proposing an increased final dividend of 12.56p (FY2015: 11.68p), making a total dividend for the year of 19.31p (FY2015: 18.11p). The dividend will be paid on 21 October 2016 to shareholders on the register at 23 September 2016, following our AGM on 7 September 2016. The shares will go ex-dividend on 22 September 2016. Dividend cover, based on earnings before special items, was 3.0 times (FY2015: 2.6 times) (See note 7).

Special Items from Continuing Operations

Special items are those items which the Group considers to be non-repetitive or are not a part of the underlying performance of the business, and often where a material income statement cost or credit is incurred in one year to deliver a future benefit. In FY2016 Special items amounted to £21.0m (FY2015: £17.2m). This comprises of Amortisation of Intangibles of £13.1m, Aesica integration reorganisation of £6.5m, advisory and acquisition costs of £1.4m (See note 3).

Discontinued Operations

On 15 February 2013, Consort completed the sale of King Systems to Ambu A/S, the results of which are reported within discontinued operations. At the time of sale, contingent consideration mechanisms were agreed as a central element of the value realisation from the disposal. The first of these was a £5.9m (US$10.0m) lump sum payment upon the launch of the King Vision next generation blade. This was received in May 2014 following a successful product launch. Further amounts of US$2.3m and US$2.5m were received on 4 June 2014 and 18 June 2015 respectively, representing the amounts due in respect of the FY2014 and FY2015 King Vision sales.

King Vision sales by Ambu in FY2016 were insufficient to trigger a further contingent consideration payment to Consort Medical. As the Contingent Consideration mechanisms of the disposal agreement have now expired, the remaining Contingent Consideration Debtor balance of £1.0m has been charged to the income statement through Special items within Discontinued Operations.

Acquisition of Aesica

On 12 November 2014, the Group acquired the entire issued share capital of Aesica Holdco Ltd for £226.6m. The transaction was approved by shareholders on 16 October 2014.

Following the acquisition, an integration programme was initiated. The costs of this programme incurred in FY2015 were £1.9m and were charged as Special items in that year. Further integration programme costs of c.£7.7m were anticipated at 16 June 2015 in relation to integration actions announced since 30 April 2015. These actions have been completed on schedule at a cost of only £6.5m, which has been charged to Special items in the period.

During the year ended 30 April 2016, the Group completed the initial accounting for the acquisition as disclosed in the 30 April 2015 annual report and accounts. The goodwill balance as at 30 April 2016 in relation to Aesica is £106.8m (FY2015 restated: £101.9m). This resulted in retrospective adjustments to the provisional fair values of the identifiable assets acquired and liabilities assumed as at the date of acquisition as at 30 April 2015. The significant adjustments to fair values made in the year are as follows:

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

Investment in Atlas Genetics Ltd

Consort has invested a total of £6.3m in Atlas Genetics Ltd, as set out in note 9 to the financial statements. The other equity partners include Novartis Venture Funds, Johnson & Johnson Development Corporation, Life Science Partners and BB Biotech Ventures, and RMI Partners.

Substantial progress has been made in the last year in the Point-of-Care card development — in conjunction with Bespak who separately provides development and manufacturing services to Atlas — and with the development of the card reader and assay tests. On 8 February 2016 Atlas announced that it had received approval to CE Mark its Chlamydia trachomatis (CT) test to be launched on the Company's io® platform. By meeting the requirements of the IVD Directive (98/79/EC), the CT test is now cleared for sale within the European Union. More information about Atlas Genetics is available via their website www.atlasgenetics.com.

The Group will continue to account for Atlas as an equity investment in the accounts of Consort.

Investment in Precision Ocular Ltd

On 22 February 2016, Consort subscribed to an equity financing completed by Precision Ocular, a retinal therapeutics company. The financing will raise a total of £13.5m. Investors included Imperial Innovations, Hovione, NeoMed and Consort. Of the £13.5m equity raise, Consort's investment will be a total of £3.3m, of which the first tranche was £2.0m, giving the Group a 12.2% shareholding. The second tranche of £1.3m – which is subject to certain conditions - will take Consort's overall shareholding to13.7%. Consort also has a Board seat at Precision Ocular.

Separately, the Group entered into a strategic development and manufacturing agreement with Precision Ocular. The agreement will leverage both Bespak's device development and manufacturing capability, as well as Aesica's manufacturing and filling capabilities on Precision Ocular's novel ocular drug products and drug delivery system.

The Group will account for Precision Ocular as an equity investment in the accounts of Consort.

Balance Sheet

The Group has Net debt of £97.0m at the year end (FY2015: Net debt £99.2m). At 30 April 2016 it had drawn £114.5m of its committed revolving credit facility, leaving undrawn facilities of £46.6m. In addition it has a further £65.0m available under the accordion facility. Gross assets were £445.8m (FY2015 restated: £468.8m). The pension deficit increased to £27.2m (FY2015: £21.1m) and is reviewed separately below. Provisions at 30 April 2016 were £6.2m (FY2015 restated: £5.9m).

Cash Flow, Financing and Liquidity[3]

Cash generated from operations increased by £25.7m to £54.1m (FY2015: £28.4m). EBITDA before special items increased by £15.1m (45.3%) to £48.3m (FY2015: £33.2m). Working capital[4] decreased by £20.2m to £14.0m (FY2015: £34.1m).

Capital expenditure of £21.5m (FY2015: £20.7m) was higher than the previous year as Bespak continued to make significant planned investments in facilities and production capacity to fulfil its development pipeline contracts, and a full year of Capital Expenditure in Aesica.

As part of the acquisition of Aesica Holdco Limited, the Group created a new bank facility and cancelled the previous facility with Royal Bank of Scotland (RBS) and HSBC. The current facility is a £160m five-year multi-currency revolving credit facility with Barclays, Lloyds, RBS and Santander. The facility expires in September 2019. Margins are between 1.25 and 2.2% over LIBOR depending upon the ratio of Net debt to EBITDA prevailing at the time. A non-utilisation fee of 40% of the interest margin on the undrawn balance applies.

The facility has two covenants: Net Debt to EBITDA less than 3.0x in April 2016; and Interest Cover over EBITDA being greater than three times. The Group remains comfortably within both its headroom and its covenants at 30 April 2016: Net Debt to EBITDA was at 1.92, and Interest Cover was 13.8 times.

Under the terms of the refinancing, the Group also has a £65m "accordion" facility, by which further facilities may be made available by the participating banks under the current terms to support significant investment or acquisition opportunities which may arise.

The Group maintains levels of Sterling cash sufficient to meet imminent obligations and to be a reserve in case of an adverse event. These funds are invested with a range of reputable financial institutions approved by the Board.

Whilst the multi-year revolving committed credit facility does not expire for more than three years, the debt within this is disclosed as less than one year on the balance sheet, as it is drawn for one-month periods, and then redrawn as appropriate to minimise the amount of debt drawn relative to the Group's needs to minimise the interest payable, as assumed in its Viability statement considerations (See note 10).

Foreign Currency Exposure
The Group monitors its foreign currency exposures carefully and seeks to mitigate all material transactional exposures. Bespak currently has low exposure to movements in the Euro and US dollar. Aesica has wider exposure to the Euro. Where appropriate, we buy or sell forward currency to protect transaction margin exposure.

As a result of the Group's German and Italian Euro denominated operations, foreign currency translation sensitivity for the Euro is such that a €1c change in the Euro: GBP exchange rate impacts revenue by £0.6m and EBIT by £0.1m.

Pensions
The IAS19 pension valuation at 30 April 2016 was a total deficit of £27.2m (30 April 2015: £21.1m). The defined benefit pension obligations of the Group comprise both Bespak and Aesica schemes.

Bespak Scheme

In 2002, the Bespak Retirement Benefits Scheme (a defined benefit pension scheme) was closed to new members. During the period, the Group carried out consultations with the Trustees and active members of the Scheme on a proposal to close it to further accrual. Following the consultations, the Scheme was closed with effect from 31 March 2016 via a deed of amendment between the Group and the Trust. Following the Scheme closure, all former active members became deferred members, and the provision of pension benefits was migrated to a defined contribution pension scheme which is also available to new employees (See note 12). The costs of the professional services to support the closure have been charged to Special items.

As at 30 April 2016, the Bespak IAS 19 deficit was £23.4m compared with £17.8m as at 30 April 2015. The movement was primarily as a result of lower return on plan assets. The last triennial actuarial valuation of the pension scheme was at 30 April 2014; in September 2015, the Company and the Trustees agreed the actuarial valuation at a deficit of £13.8m. As part of that agreement, the Company agreed to make deficit recovery contributions at the rate of £1.5m per annum until 2028. Since the last triennial valuation, prevailing discount rates have worsened further, and it is expected that this in particular may have a material effect on the updated valuation.

Aesica Schemes

Aesica operates a number of different pension schemes, including defined benefit schemes in Italy and Germany with a net IAS 19 deficit of £3.8m (See note 12).

Risk Management
The Group considers effective risk management to be a high priority. We are pleased to report that the Group incurred no material financial or business losses in the period.

Richard Cotton
Chief Financial Officer

[3] *Cash flow performance metrics are before any cash paid relating to special items.*

[4] *Working capital is defined as the total of inventory, trade and other receivables and trade and other payables.*

Consolidated Income Statement
For the year ended 30 April 2016

	Notes	**2016 Before special items £000**	**2016 Special items £000 (note 3)**	**2016 Total £000**	2015 Before special Items £000	2015 Special items £000 (note 3)	2015 Total £000
Revenue		**276,910**	**–**	**276,910**	184,825	–	184,825
Operating expenses		**(239,935)**	**(21,018)**	**(260,953)**	(159,770)	(16,891)	(176,661)
Operating profit		**36,975**	**(21,018)**	**15,957**	25,055	(16,891)	8,164
Finance income		**11**	**–**	**11**	132	–	132
Finance costs	4	**(3,328)**	**–**	**(3,328)**	(2,072)	(288)	(2,360)
Other finance costs	4	**(1,399)**	**–**	**(1,399)**	(424)	–	(424)
Profit before tax		**32,259**	**(21,018)**	**11,241**	22,691	(17,179)	5,512
Taxation	5	**(4,181)**	**8,908**	**4,727**	(3,269)	4,019	750
Profit for the financial year from continuing operations		**28,078**	**(12,110)**	**15,968**	19,422	(13,160)	6,262
Loss for the financial year from discontinued operations	13	**–**	**(999)**	**(999)**	–	(1,314)	(1,314)
Profit for the financial year		**28,078**	**(13,109)**	**14,969**	19,422	(14,474)	4,948

	2016	2015
Earnings per share, attributable to the owners of the parent (see note 6)		
From continuing operations:		
Basic earnings per ordinary share	**32.7p**	15.4p
Diluted earnings per ordinary share	**32.3p**	15.1p
From continuing and discontinued operations:		
Basic earnings per ordinary share	**30.7p**	12.2p
Diluted earnings per ordinary share	**30.3p**	12.0p

Non-GAAP measures (see notes 3 & 6)		
From continuing operations:	**£000**	£000
Profit before tax before special items	**32,259**	22,691
Profit after tax before special items	**28,078**	19,422
Adjusted basic earnings per ordinary share	**57.6p**	47.8p
Adjusted diluted earnings per ordinary share	**56.8p**	46.9p

Consolidated Statement of Comprehensive Income

For the year ended 30 April 2016

	2016	2015
	£000	£000
Profit for the year from continuing operations	**15,968**	6,262
Loss for the year from discontinued operations	**(999)**	(1,314)
Profit for the financial year	**14,969**	4,948
Other comprehensive income/(loss)		
Items that may be reclassified subsequently to profit and loss:		
Net (loss)/gain on hedge of a net investment	**(2,699)**	2,719
Exchange movements on translation of foreign subsidiaries	**10,381**	(10,938)
Current tax on exchange movements	**(11)**	(166)
Items that will not be reclassified subsequently to profit and loss:		
Actuarial loss on defined benefit pension scheme	**(5,376)**	(15,772)
Deferred tax on actuarial (loss)/gain	**1,055**	3,348
Impact of change in tax rates	**(588)**	-
Other comprehensive income/(loss) for the year	**2,762**	(20,809)
Total comprehensive income/(loss) for the year	**17,731**	(15,861)
Attributable to the owners of the parent:		
From continuing operations	**18,730**	(14,547)
From discontinued operations	**(999)**	(1,314)

Consolidated Balance Sheet

At 30 April 2016

	Notes	2016 £000	*Restated** 2015 £000
Assets			
Non-current assets			
Property, plant and equipment		**136,673**	128,012
Goodwill		**122,634**	117,723
Other intangible assets		**67,304**	76,627
Investments	9	**8,250**	6,266
Trade and other receivables		**–**	1,059
		334,861	329,687
Current assets			
Inventories		**30,725**	31,344
Trade and other receivables		**54,632**	60,133
Current tax asset		**9,284**	2,397
Cash and cash equivalents	9	**16,258**	45,201
		110,899	139,075
Total assets		**445,760**	468,762
Liabilities			
Current liabilities			
Borrowings	10	**(113,209)**	(144,414)
Trade and other payables		**(61,705)**	(74,285)
Derivative financial instruments	9	**(256)**	(117)
Provisions and other liabilities		**(3,610)**	(4,137)
		(178,780)	(222,953)
Net current (liabilities)/assets		**(67,881)**	(83,878)
Non-current liabilities			
Trade and other payables		**(9,475)**	–
Deferred tax liabilities		**(18,571)**	(22,401)
Defined benefit pension scheme deficit	12	**(27,157)**	(21,147)
Provisions and other liabilities		**(2,626)**	(1,768)
		(57,829)	(45,316)
Total liabilities		**(236,609)**	(268,269)
Net assets		**209,151**	200,493
Shareholders' equity			
Share capital		**4,913**	4,907
Share premium		**137,422**	137,087
Retained earnings		**67,367**	66,721
Other reserves		**(551)**	(8,222)
Total equity		**209,151**	200,493

* Restated (see note 11)

Condensed Consolidated Statement of Changes in Shareholders' Equity

For the year ended 30 April 2016

	Share capital £000	Share premium £000	Retained earnings £000	Translation reserve £000	**Total £000**
Balance at 1 May 2014	**2,928**	**33,675**	**81,758**	**163**	**118,524**
Profit for the financial period	-	-	4,948	-	**4,948**
Exchange movements on translation of foreign subsidiaries	-	-	-	(8,219)	**(8,219)**
Actuarial loss on defined benefit scheme	-	-	(15,772)	-	**(15,772)**
Tax on amounts taken directly to equity	-	-	3,348	(166)	**3,182**
Total comprehensive loss	-	-	(7,476)	(8,385)	**(15,861)**
Recognition of share-based payments	-	-	1,557	-	**1,557**
Movement on tax arising on share-based payments	-	-	559	-	**559**
Issue of share capital – rights issue	1,832	92,559	-	-	**94,391**
Issue of share capital – consideration for acquisition of subsidiary	144	10,659	-	-	**10,803**
Proceeds from exercise of employee options	3	194	-	-	**197**
Consideration paid for purchase of own shares (held in trust)	-	-	(2,666)	-	**(2,666)**
Equity dividends	-	-	(7,011)	-	**(7,011)**
	1,979	103,412	(7,561)	**-**	**97,830**
Balance at 30 April 2015	**4,907**	**137,087**	**66,721**	**(8,222)**	**200,493**
Profit for the financial period	-	-	14,969	-	**14,969**
Exchange movements on translation of foreign subsidiaries	-	-	-	7,682	**7,682**
Actuarial loss on defined benefit scheme	-	-	(5,376)	-	**(5,376)**
Tax on amounts taken directly to equity	-	-	467	(11)	**456**
Total comprehensive income	-	-	10,060	7,671	**17,731**
Recognition of share-based payments	-	-	1,792	-	**1,792**
Movement on tax arising on share-based payments	-	-	2	-	**2**
Proceeds from exercise of employee options	6	335	-	-	**341**
Consideration paid for purchase of own shares (held in trust)	-	-	(2,209)	-	**(2,209)**
Equity dividends	-	-	(8,999)	-	**(8,999)**
	6	335	(9,414)	**-**	**(9,073)**
Balance at 30 April 2016	**4,913**	**137,422**	**67,367**	**(551)**	**209,151**

Condensed Consolidated Cash Flow Statement

For the year ended 30 April 2016

	Note	2016 £000	2015 £000
Cash flows from operating activities			
Profit before taxation from continuing operations		**11,241**	5,512
Loss before taxation from discontinued operations		**(999)**	(1,314)
Finance income		**(11)**	(132)
Finance costs	4	**3,328**	2,360
Other finance costs	4	**1,399**	424
Operating profit		**14,958**	6,850
Depreciation		**10,306**	7,993
Amortisation		**13,473**	6,963
Profit on disposal of property, plant and equipment		**696**	16
Share-based payments		**1,792**	1,557
Change in fair value of contingent consideration		**999**	1,314
Pension charge in excess of cash contributions		**412**	55
Decrease in inventories		**1,503**	4,989
Decrease / (increase) in trade and other receivables		**5,388**	(4,181)
Decrease in trade and other payables		**(3,057)**	(6,996)
Increase / (decrease) in provisions		**143**	(637)
Decrease in derivative financial instruments		**139**	124
Cash generated from operations		**46,752**	18,047
Interest paid		**(2,791)**	(1,436)
Tax paid		**(6,548)**	(4,503)
Net cash inflow from operating activities		**37,413**	12,108
Cash flows from investing activities			
Purchases of property, plant and equipment		**(21,126)**	(20,500)
Purchases of intangible assets		**(357)**	(178)
Proceeds from sale of property, plant and equipment		**1,979**	20
Net proceeds on disposal of businesses		**1,548**	7,321
Interest received		**11**	132
Purchase of a subsidiary (net of cash acquired)		**-**	(207,955)
Purchase of equity investment		**(1,984)**	(2,198)
Net cash outflow from investing activities		**(19,929)**	(223,358)
Cash flows from financing activities			
Proceeds from issues of ordinary share capital		**341**	94,584
Purchase of own shares		**(2,209)**	(2,666)
Equity dividends paid to shareholders		**(8,999)**	(7,011)
Defined benefit scheme		**(712)**	-
Proceeds from new bank funding		**14,021**	163,610
Repayment of amounts borrowed		**(48,316)**	(15,000)
Upfront loan facility fee		**-**	(1,913)
Net cash (used in)/generated from financing activities		**(45,874)**	231,604
Net (decrease) / increase in cash and cash equivalents		**(28,390)**	20,354
Effects of exchange rate changes		**(553)**	(996)
Cash and cash equivalents at start of period	10	**45,201**	25,843
Cash and cash equivalents at end of period	10	**16,258**	45,201

Notes to the accounts

General information

Consort Medical plc is a public limited company listed on the London Stock Exchange and is incorporated and domiciled under the laws of England and Wales, registered number 406711.

Basis of preparation

The financial statements have been prepared in accordance with the Companies Act 2006 applicable to those companies reporting under IFRS, Article 4 of the IAS Regulation and International Accounting Standards and International Financial Reporting Standards (collectively referred to as IFRS) and related interpretations, as adopted for use in the European Union in all cases.

Accounting convention

The financial statements have been prepared using the historical cost convention, as modified by certain financial assets and financial liabilities (including derivative instruments) at fair value. The specific accounting policies adopted, which have been approved by the Board and which have been applied consistently in all years presented, are described within this note.

Going concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group have 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 financial statements.

Critical accounting estimates and judgements

In the application of the Group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Special items and other 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 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.

Adoption of new and revised standards

The following new standards and amendments have been applied for the first time during the year commencing 1 May 2015 but are not expected to have a material impact on the Group:

Amendments to IAS 19: Employee Benefits
Annual Improvements (2010-2012 cycle): Amendments to IFRS 2, IFRS 3, IFRS 8, IAS 16, IAS 24, IAS 38
Annual Improvements (2011-2013 cycle): Amendments to IFRS 3, IFRS 13, IAS 40
Annual Improvements (2012-2014 cycle): Amendments to IFRS 5, IFRS 7, IAS 9, IAS 34

Notes to the accounts

1. Presentation of the financial statements and accounting policies (continued)

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases have not yet been adopted by the EU):

IFRS 9: Financial Instruments (2014)
IFRS 14: Regulatory Deferral Accounts
IFRS 15: Revenue from contracts with customers
IFRS 16: Leases
Amendment to IFRS 11: Joint Arrangements
Amendments to IAS 12: Income Taxes
Amendments to IAS 7: Statement of Cash Flows (disclosure initiative)
Amendments to IAS 27: Separate Financial Statements
Amendments to IFRS 7 and IAS 32: Financial Instruments on Asset and Liability offsetting
Amendments to IAS 16 and IAS 38:Property, Plant & Equipment and Intangible Assets

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

- IFRS 9 Financial Instruments (2014)
- IFRS 15 Revenue from Contracts with Customers

2. Segmental information

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

Consequently, the segment information provided to the Executive Committee for both of these reportable segments for the year ended 30 April 2016 is as follows:

For the year ended 30 April 2016	**Bespak £000**	**Aesica £000**	**Unallocated £000**	**Total £000**
Revenue from products and services	117,213	159,697	-	276,910
Total revenue	**117,213**	**159,697**	**-**	**276,910**
Segment operating profit before special items	**25,169**	**11,806**	**-**	**36,975**
Special items excluding amortisation of acquired intangible assets (note 6)	(283)	(6,534)	(1,061)	(7,878)
Amortisation of acquired intangible assets	(828)	(12,312)	-	(13,140)
Segment operating profit	**24,058**	**(7,040)**	**(1,061)**	**15,957**
Finance income				11
Finance costs				(3,328)
Other finance costs				(1,399)
Profit before tax				**11,241**
Taxation				4,727
Profit for the financial year				**15,968**
Segmental balance sheet				
Total assets	114,610	295,000	36,150	445,760
Total liabilities	(45,132)	(77,868)	(113,609)	(236,609)
Net assets	**69,478**	**217,132**	**(77,459)**	**209,151**

Notes to the accounts

2. Segmental information (continued)

The Group's operations are based in the United Kingdom and Europe.

Revenue by destination from continuing operations	**2016**	2015
	£000	£000
United Kingdom	**30,426**	34,933
United States of America	**41,078**	20,094
Europe	**171,010**	116,503
Rest of the world	**34,396**	13,295
Revenue from continuing operations	**276,910**	184,825

3. Special items

	2016	2015
	£000	£000
Integration costs	**(6,534)**	(1,876)
Advisory and acquisition costs	**(1,344)**	(5,382)
Other acquisition-related items	**-**	(2,848)
Amortisation of acquisition-related intangibles	**(13,140)**	(6,785)
	(21,018)	(16,891)
Accelerated amortisation of upfront arrangement fee	**-**	(288)
Special items before taxation from continuing operations	**(21,018)**	(17,179)
Special tax item – prior year Patent Box credit	**-**	1,312
Special tax item – recognition of capital losses	**1,078**	-
Special tax item – recognition of capital allowances	**955**	-
Special tax item – other prior year and lookback period adjustments	**534**	-
Special tax item – deferred tax credit as a result of the UK Corporate rate change	**1,137**	-
Tax on special items	**5,204**	2,707
Special items after taxation from continuing operations	**(12,110)**	(13,160)

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

- Advisory and acquisition costs include advisory costs in respect of the closure of the Bespak pension scheme and in evaluation of potential transactions. In the prior year to 30 April 2015, these are primarily the fees associated with the acquisition of Aesica other than those related to the equity raised and the new debt funding arrangement.

- Other acquisition-related items in the prior year include the unwinding of the uplift in the book value of inventory held by Aesica on acquisition, as required by accounting standards.

- Amortisation of acquisition-related intangible assets represents the charge for other intangible assets within Aesica (acquired in 2014) of £12.3m and £0.8m in relation to The Medical House acquired in 2009.

- A special tax item of £1.3m arose in the prior year in respect of the recognition of Patent Box benefits relating to the year ended 30 April 2014.

- A special tax item of £1.1m has been recognised in the current period as a result of the recognition of deferred tax on capital losses which are available for offset against deferred tax liabilities arising from the upward revaluation of land.

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

Notes to the accounts

3. Special items (continued)

- A special tax item of £0.5m was recognised in the year as the impact of a number of prior year adjustments made in the lookback period.
- A special tax item of £1.1m also arises in the current period in respect of a significant tax credit as the Group's deferred tax assets and liabilities were recalculated using the lower rate of UK Corporate Tax of 19% from 1 April 2017 and 18% from 1 April 2020 (reduced from 20%).
- Special items from discontinued operations are described in note 13.

4. Finance costs

	2016	2015
	£000	£000
Accelerated amortisation of upfront loan arrangement fees	**-**	(288)
Interest on bank overdrafts and loans including amortised fees	**(3,328)**	(2,072)
Total finance costs	**(3,328)**	(2,360)

Other finance costs		
Net interest cost on defined benefit scheme	**(667)**	(144)
Foreign exchange losses	**(732)**	(280)
Total other finance costs	**(1,399)**	(424)

5. Taxation

	2016	2015
	£000	£000
Current income tax from continuing operations		
UK corporation tax	**978**	(60)
Foreign tax	**(1,130)**	(980)
Deferred taxation	**4,879**	1,790
Income tax credit reported in the consolidated income statement	**4,727**	750
The tax credit from continuing operations is analysed between:		
Tax on profit before special items	**4,181**	3,269
Tax on special items	**(5,204)**	(2,707)
Special tax item – prior year Patent Box credit	**-**	(1,312)
Special tax item – recognition of capital losses	**(1,078)**	-
Special tax item – recognition of capital allowances	**(955)**	-
Special tax item – other prior year and lookback adjustments	**(534)**	-
Special tax item – deferred tax credit as a result of the UK Corporate rate change	**(1,137)**	-
Income tax credit reported in the consolidated income statement	**(4,727)**	(750)

Special tax items above are described further in note 3.

Notes to the accounts

6. Earnings per share

	2016	2015
	£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	**15,968**	6,262
Add back: Special items after taxation	**12,110**	13,160
Adjusted earnings	**28,078**	19,422
Discontinued operations (basic and diluted)		
Loss for the year – attributable to ordinary shareholders	**(999)**	(1,314)
Add back: Special items after taxation	**999**	1,314
Adjusted earnings	**-**	-
Total (basic and diluted)		
Profit for the year – attributable to ordinary shareholders	**14,969**	4,948
Add back: Special items after taxation	**13,109**	14,474
Adjusted earnings	**28,078**	19,422

Number of shares		
Weighted average number of ordinary shares in issue for basic earnings	**49,110,569**	41,052,774
Weighted average number of shares owned by Employee Share Ownership Trust	**(338,024)**	(400,600)
Average number of ordinary shares for in issue for basic earnings	**48,772,545**	40,652,174
Dilutive impact of share options outstanding	**631,856**	722,650
Diluted weighted average number of ordinary shares in issue	**49,404,401**	41,374,824

	Pence	Pence
Continuing operations		
Adjusted basic earnings per share	**57.6**	47.8
Unadjusted basic earnings per share	**32.7**	15.4
Adjusted diluted earnings per share	**56.8**	46.9
Unadjusted diluted earnings per share	**32.3**	15.1
Continuing and discontinued operations		
Unadjusted basic earnings per share	**30.7**	12.2
Unadjusted diluted earnings per share	**30.3**	12.0

No options over ordinary shares have been exercised since 30 April 2016.

Notes to the accounts

7. Dividends

	2016	2015
	£000	£000
Final dividend for the year ended 30 April 2015 of 11.68p per share (2014: final dividend for 2014 of 13.35p per share)	5,703	3,881
Interim dividend paid in 2016: 6.75p per share (2015: 6.43p)	3,296	3,130
	8,999	7,011

In addition, the directors are proposing a final dividend in respect of the year ended 30 April 2016 of 12.56p per share, which will absorb an estimated £6.2m of shareholders' equity. It will be paid on 21 October 2016 to shareholders who are on the register on 23 September 2016.

8. Capital expenditure

In the period there were additions to property, plant and equipment of £20.2 million (2015: £22.1 million).

Capital commitments contracted for but not provided for by the Group amounted to £3.6 million (2015: £5.7 million).

9. Financial assets and liabilities

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

		Restated
	2016	2015
Financial assets	**£000**	£000
Cash and cash equivalents	**16,258**	45,201
Trade receivables	**45,186**	46,967
Other receivables	**3,659**	2,621
Total loans and receivables	**48,845**	49,588
Available for sale financial asset – contingent consideration	**-**	2,547
Equity investments	**8,250**	6,266
Total available-for-sale financial assets	**8,250**	8,813

	2016	2015
Financial liabilities	**£000**	£000
Trade payables	**(27,225)**	(24,120)
Other creditors and accruals	**(26,978)**	(47,136)
Interest bearing loans and borrowings	**(114,547)**	(146,145)
Total amortised cost *	**(168,750)**	(217,401)
Contingent consideration	**-**	(1,650)
Currency exchange contracts	**(256)**	(117)
Total fair value through profit and loss financial liabilities	**(256)**	(1,767)

* All financial liabilities have a contractual maturity date that is less than 12 months from the balance sheet date.

Hedge of net investments in foreign operations — Included in loans at 30 April 2016 was a borrowing of £32.1m which has been designated as a hedge of the net investments in the two subsidiaries in Italy and Germany, Aesica Pharmaceuticals GmbH. and Aesica Pharmaceuticals SRL. This borrowing is being used to hedge the Group's exposure to the Euro foreign exchange risk on these investments. Gains or losses on the retranslation of this borrowing are transferred to OCI to offset any gains or losses on translation of the net investments in the subsidiaries. There is no ineffectiveness in the year ended 30 April 2016.

Notes to the accounts

9. Financial assets and liabilities (continued)

The equity investments in Atlas Genetics Limited and Precision Ocular Limited are unquoted investments and therefore held at cost, less any provision for impairment as their fair value cannot be measured reliably in the absence of an active market.

The following tables categorise the Group's and Company'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. The Company has no financial assets held at fair value through profit or loss.

Financial assets at fair value

	Level 1	Level 2	Level 3	Total
	£000	£000	£000	£000
At 30 April 2016				
Contingent consideration	-	-	-	-
At 30 April 2015				
Contingent consideration	-	-	2,547	2,547

Financial liabilities at fair value

	Level 1	Level 2	Level 3	Total
	£000	£000	£000	£000
At 30 April 2016				
Contingent consideration	-	-	-	-
Currency exchange contracts	-	**(256)**	-	**(256)**
	-	**(256)**	-	**(256)**
At 30 April 2015				
Contingent consideration	-	-	(1,650)	(1,650)
Currency exchange contracts	-	(117)	-	(117)
	-	(117)	(16,50)	(1,767)

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

- a milestone payment of US$10m 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$40m related to the sales of King Vision products for the three years ending 30 April 2016.

The fair value of contingent consideration at 30 April 2016 is £nil (30 April 2015: £2.5m), with the reduction primarily due to:

- An amount of £1.5m (FY2015: £2.8m) was received during the year, which related to contingent consideration based on sales of King Vision products.
- King Vision sales by Ambu in FY2016 were insufficient to trigger a further contingent consideration payment to Consort Medical, therefore the remaining contingent consideration has been reduced to £nil.
- The contingent consideration of £1.6m recognised in the prior year was in relation to contingent consideration on acquisition of Aesica (see note 11).

Notes to the accounts

10. Net debt/(cash)

	2016	2015
	£000	£000
Current assets:		
Cash and cash equivalents	**16,258**	45,201
	16,258	45,201
Group borrowings:		
Interest-bearing loans and borrowings	**(114,547)**	(146,145)
Unamortised facility fees	**1,338**	1,731
Net borrowings	**(113,209)**	(144,414)
Net debt	**(96,951)**	(99,213)

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

In the prior year, it was necessary to make a short-term borrowing of £37.6m on the Group's banking facilities, which was repaid on 5 May 2015. This borrowing had no impact on the Group's net debt at the 30 April 2015, as it was represented by cash within Group subsidiaries. This explains the inflated cash position at 30 April 2015.

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

	2016	2015
	£000	£000
Net (debt)/cash at the beginning of the period	**(99,213)**	25,843
Net decrease / (increase) in cash and short-term borrowings	**5,590**	20,354
Proceeds from new bank funding	**-**	(163,610)
Repayment of old borrowing	**-**	15,000
Unamortised facility fees	**-**	1,731
Amortisation of facility fees	**(393)**	-
Effects of exchange rate changes	**(2,698)**	1,724
Other non-cash movements	**(237)**	(255)
Net debt at the end of the period	**(96,951)**	(99,213)

Notes to the accounts

11. Acquisition of subsidiary

On 12 November 2014, the Group acquired 100 per cent of the issued share capital of Aesica Holdco Limited, obtaining control of Aesica Holdco Limited ('Aesica'). The goodwill balance as at 30 April 2016 in relation to Aesica is £106.8m (FY2015 restated: £101.9m).

During the year ended 30 April 2016 the Group completed the initial accounting for the acquisition as disclosed in the 30 April 2015 annual report and accounts. Therefore as set out in the table below, the 30 April 2015 comparative information has been adjusted retrospectively to adjust the provisional fair values of the identifiable assets acquired and liabilities assumed as at the date of acquisition.

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

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

As disclosed in the prior year accounts, total consideration consists of cash, equity and contingent consideration.

The significant adjustments to fair values made in the year are as follows:

• Property, plant and equipment - decrease of £5.7m as a result of concluding a detailed review and valuation exercise.
• Trade receivables - decrease of £1.3m to increase provisions against old debtor balances and credit notes
• Accruals and deferred income, provisions and other payables - decrease of £1.0m mainly as a result of new information obtained which reflects circumstances in existence at the acquisition date
• Current tax - decrease of £1.6m to record additional provisions
• Deferred tax - increase of £2.1m on the non-tax related opening balance sheet adjustments above
• Deferred tax - since 31 October 2015, a deferred tax asset of £1.9m has been recognised as the amount of spend treated as qualifying for capital allowances has been reduced by customer contributions in Aesica which were received pre-acquisition. The impact of this change has been to decrease goodwill by the same amount. The directors have not restated the income statement for the year ended 30 April 2015 for the effect of this restatement as it was not material.

Notes to the accounts

11. Acquisition of subsidiary (continued)

In the prior year, Aesica entered into an option agreement with a third party to purchase a parcel of land which it then owned for consideration of £1.9m. During the current year, this option was exercised and the Group was required to pay the proceeds of £1.6m as consideration. This was recognised as contingent consideration on acquisition in the prior year.

12. Defined benefit pension scheme deficit

	2016	2015
	£000	£000
Pension deficit at start of the period	**21,147**	2,076
Acquisition of subsidiary	**-**	3,344
Current service cost	**1,479**	1,257
Interest income	**(3,371)**	(3,825)
Interest cost	**4,038**	3,969
Return on scheme assets excluding interest	**5,728**	(7,081)
Effect of experience adjustments	**-**	(850)
Effect of demographic adjustments	**(568)**	-
Loss from change in financial assumptions	**216**	23,703
Employer contributions	**(1,776)**	(1,446)
Benefit payments	**(6)**	-
Foreign exchange	**270**	-
Pension deficit at end of the period	**27,157**	21,147

13. Discontinued operations

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

	2016	2015
	£000	£000
Loss on disposal: movement in fair value of contingent consideration	**(999)**	(1,314)
Loss before tax on discontinued operations	**(999)**	(1,314)
Net loss on discontinued operations attributable to the owners of the Company	**(999)**	(1,314)

The financial information set out above does not constitute the company's statutory accounts for the years ended 30 April 2016 or 30 April 2015 but is derived from those accounts. Statutory accounts for 2015 have been delivered to the registrar of companies, and those for 2016 will be delivered in due course. The auditor has reported on those accounts; their reports were (i) unqualified; (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report; and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.