Consort Medical plc
3 December 2019

Interim results

Strong growth in Bespak offset by a previously announced slower start to the year at Aesica and the impact of the Cramlington incident

The Board's expectations for the full year remain unchanged

Consort Medical plc (LSE: CSRT) ("Consort", "Consort Medical" or the "Group"), a leading, global, single source drug and delivery device company, today announces its results for the six months ended 31 October 2019. **The Group is subject to a recommended offer from Recipharm Holdings Ltd made on 18 November 2019.**

Financial Highlights

Six months ended £m	H1 FY2020 31 Oct 19	H1 FY2019 31 Oct 18	Δ % Reported	Δ % CER[2]
Underlying[1]				
Revenue	146.0	152.5	(4.3%)	(4.4%)
EBIT[3]	10.5	20.8	(49.5%)	(49.6%)
PBT[3]	8.5	19.0	(55.3%)	
Adjusted Basic EPS[3]	13.7p	31.3p	(56.2%)	
Statutory				
Profit before tax (PBT)	1.2	9.6	(87.5%)	
Basic EPS	2.3p	15.6p	(85.3%)	

[1]Underlying amounts are Alternative Performance Measures (APMs) and these are defined in the APM section below. [2]CER – at constant exchange rates; H1 FY2019 actuals retranslated at the H1 FY2020 actual average rates. [3] Before special items of £7.3m (H1 FY2019: £9.4m) relating to amortisation of acquired intangibles and other one-off items.

- Group result reflects strong growth in Bespak more than offset by a challenging period in Aesica
- Bespak grew revenue by 5.4% and underlying EBIT by 10.2% with continued growth in demand for its core respiratory products. The business has also further grown its development pipeline
- Bespak's reported EBIT margin for H1 also increased by 90bps to 21.7%
- Aesica's performance included the impact of a temporary cessation of manufacturing following the previously reported major incident at the Cramlington site
- Aesica had a strong finish to the end of the first half and is supported by a strong order backlog as it enters the second half of the year
- Net debt increased to £112.2m (30 April 2019: £97.4m)
- No interim dividend due to the terms of Recipharm's offer (H1 FY2019: 7.6p)

Operational Highlights

- Continued strong demand for Bespak's metered-dose inhaler offering across a broad range of customers, with investments being made to further increase capacity to support growth of this core activity
- Solid growth in Mylan Wixela® volumes compared to the prior period with the product successfully receiving FDA approval as the first generic Advair in January 2019
- Significant new development agreement signed with Regeneron Pharmaceuticals utilising our Syrina®/ Vapoursoft® auto-injector technology. Consort now has development contracts with three global biopharmaceutical customers on this proprietary technology platform
- FDA approval received for Binx Health's first-of-kind, molecular point-of-care (POC) diagnostic testing platform where Consort has an equity investment. Bespak is the sole supplier of the single-use cassettes for this product
- Progress continuing on our cross-divisional commercial agreement signed with Opiant Pharmaceuticals combining Aesica and Bespak expertise to manufacture and fill the nasal delivery device, Unidose® Xtra
- Aesica has now restarted production at the Cramlington site apart from the product affected by the incident and we continue to progress on an insurance claim
- Operational issues within Aesica have resulted in a higher backlog which is anticipated to reduce over the second half of the year
- Successfully exited loss-making API activities at the Queenborough site on time and within budget to focus on higher margin finished dose formulation
- An encouraging Aesica pipeline is expected to convert into future revenue. This is supported by strategic investments in Aesica's liquid filling, packaging and serialisation capabilities

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

"Consort's first half performance reflects strong growth from Bespak offsetting a previously reported slow start to the year by Aesica. Bespak has delivered an improvement in its sector leading margin and has substantial new contracts that will support the Group's growth prospects. Aesica's first half performance includes the significant operational disruption caused by an incident at its Cramlington manufacturing facility.

The Group has considerable growth opportunities including three development contracts for its proprietary Syrina®/ Vapoursoft® injectable technology with major bio-pharma groups. We continue to invest in our research and development capabilities expanding our intellectual property and building on our exciting pipeline at both Bespak and Aesica to support our strong long-term growth prospects.

The Board's expectations for the full year remain unchanged. We anticipate that the Group's performance in the second half of the year will benefit from continued growth in Bespak, recommencing manufacture of the specific product involved in the Cramlington incident and a reduction in the backlog at Aesica.

The Group is subject to a recommended offer from Recipharm Holdings Ltd. The Board remains confident of Consort's future prospects."

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Notes:

1. Foreign Exchange Rates
    a. Period-end exchange rates 31 October 2019: £1=€1.16; £1=$1.29
    b. Average exchange rates 1 May 2019 to 31 October 2019: £1=€1.12; £1=$1.25
    c. Period-end exchange rates 31 October 2018: £1=€1.12; £1=$1.27
    d. Average exchange rates 1 May 2018 to 31 October 2018: £1=€1.13; £1=$1.31

Consort Medical plc is a leading one-stop developer and manufacturer of drugs and premium drug delivery devices. We partner with pharmaceutical businesses in providing innovative life improving treatments to patients across the world through two integrated activities:

> The design, development and manufacture of high performance medical devices for inhaled, injectable, nasal and ocular drug delivery, as well as point-of-care diagnostics products.
>
> The development, formulation and manufacture of active pharmaceutical ingredients (APIs) and finished dose drugs to the highest quality standards.

We employ over 2,000 people globally and are committed to investing in patient, clinician and customer driven innovation to create new treatments.

Consort Medical is a public company quoted on the premium list of the London Stock Exchange (LSE: CSRT) and is organised in two divisions: Bespak and Aesica. www.consortmedical.com

Forward looking statements

This document may contain certain forward looking statements with respect to Consort Medical's financial condition, performance, position, strategy, results and plans based on management's current expectations or beliefs as well as assumptions about future events. These forward looking statements are not guarantees of future performance. Undue reliance should not be placed on forward looking statements because, by their very nature, they are subject to known and unknown risks and uncertainties and can be affected by other factors that could cause actual results, and Consort Medical's plans and objectives, to differ materially from those expressed or implied in the forward looking statements. Consort Medical undertakes no obligation to update any of the forward looking statements contained in this document or any other forward looking statements it may make. Past performance is not an indicator of future results and the results of Consort Medical in this document may not be indicative of, and are not an estimate, forecast or projection of, Consort Medical's future results.

Alternative Performance Measures

In addition to statutory measures, a number of Alternative Performance Measures (APMs) are included in this announcement to assist investors in gaining a clearer understanding and balanced view of the Group's underlying performance and in comparison with performance across the industry. These measures are consistent with how business performance is measured internally.

The APMs used include operating profit (EBIT), profit before tax (PBT), profit after tax (PAT) and earnings per share, adjusted to eliminate special items, being the amortisation of acquired intangibles and other significant one-off items not linked to the underlying performance of the business. Further, underlying constant exchange rate measures are given which eliminate the impact of currency movements by comparing the current measure against the comparative restated at this year's actual average exchange rates. Where APMs are given, these are compared to the equivalent measures in the prior year.

The APM of EBITDA includes the add-back of interest, tax, depreciation, amortisation, and any profit or loss on disposal of property, plant and equipment to EBIT.

Chief Executive's Review

Summary

Consort's results for the first half of the year include a strong performance by Bespak offsetting a slow start at Aesica including the significant operational disruption caused by the incident at Cramlington.

Bespak increased operating profits and improved its sector-leading margin with continued growth of its core respiratory valve products as well as benefiting from higher volumes of Mylan's Wixela®.

Aesica reported a decline in revenue and operating profits driven by the Cramlington incident. Aesica's financial performance was also impacted by operational issues at Queenborough, as well as the mix and phasing of sales in Germany, which is expected to improve in the second half of the financial year. During the period, we successfully withdrew from the loss-making API activities at Queenborough, allowing management to focus on the site's higher-margin finished dose formulation business.

The Group has made exciting progress in its development pipeline, particularly at Bespak. Our injectables franchise continues to generate significant interest with another new development contract signed with Regeneron utilising our own proprietary Vapoursoft® auto-injector technology. The Group now has three significant opportunities with three global biopharmaceutical customers on the Syrina®/Vapoursoft® platform. Further investments are being made to increase capacity and serialisation capabilities to support future growth opportunities in Aesica. We continue to work on a number of promising new opportunities with current and potential new customers.

Summary of Financial Performance

Group revenue declined by 4.3% to £146.0m (H1 FY2019: £152.5m) and by 4.4% at constant exchange rates. As a result, EBIT before special items decreased by 49.5% to £10.5m (H1 FY2019: £20.8m) and by 49.6% at constant exchange rates.

Special items before tax were £7.3m in the period (H1 FY2019: £9.4m). This includes £4.8m of amortisation of acquired intangibles (H1 FY2019: £5.4m) and £2.5m of other one-off items not linked to the underlying performance of the business (H1 FY2019: £4.0m).

Net finance costs at £2.0m were higher than the prior period (H1 FY2019: £1.8m) reflecting a higher level of debt and the adoption of IFRS 16. Group underlying profit before tax and special items decreased by 55.3% to £8.5m (H1 FY2019: £19.0m). Adjusted basic EPS decreased by 56.2% to 13.7p (H1 FY2019: 31.3p) reflecting a higher tax rate. Basic EPS decreased by 85.3% to 2.3p (H1 FY2019: 15.6p).

Cash generated from operations was £1.3m (H1 FY2019: £17.6m). EBITDA before special items decreased by £8.9m to £18.8m (H1 FY2019: £27.7m) with capital investments of £7.4m (H1 FY2019: £8.3m). There was an increase in working capital with higher receivables due to strong sales towards the end of the period and an increase in inventory to support production of a higher order backlog going into the second half of the year. The cash effect of the special items paid in the period was £5.1m (H1 FY2019: £1.8m).

Despite a challenging first half to the year, the Group balance sheet remains strong with a net debt position of £112.2m (30 April 2019: £97.4m), representing gearing of 2.4x Net debt: EBITDA. Consort continues to operate comfortably within its banking covenants.

The Board has not declared an interim dividend due to the terms of Recipharm's offer (H1 FY2019: 7.60p).

Business Review

Bespak *(Drug Delivery Devices)*

Operations

	H1 FY2020[1]	H1 FY2019[1]	Δ% Reported	Δ% CER[2]
Revenue	£64.9m	£61.6m	5.4%	5.4%
EBITDA[3]	£17.7m	£16.0m	10.6%	10.6%
EBITDA margin %	27.3%	26.0%		
EBIT[3]	£14.1m	£12.8m	10.2%	10.2%
EBIT margin %	21.7%	20.8%		

[1]Underlying amounts presented above are defined by our Alternative Performance Measures (APM) methodology. [2]CER – at constant exchange rates; H1 FY2019 actuals retranslated at the H1 FY2020 actual average rates. [3]Before special items of £0.4m (H1 FY2019: £0.9m) comprising the amortisation of acquired intangibles.

Bespak has a well-established and diverse business of designing, developing and manufacturing high performance medical delivery devices. This business has a strong pipeline of innovative products including respiratory, injectable, nasal and ocular drug delivery, as well as point-of-care diagnostics.

Bespak performed well in the period, growing revenue by 5.4% to £64.9m (H1 FY2019: £61.6m). The business has continued to grow sales of its market leading metered-dose inhaler (MDI) valves and devices through a combination of increased customer demand and favourable mix of higher value products. Our respiratory MDI business includes over one hundred commercial products and we continue to attract new business from both new and established customers. We are also investing in increasing capacity to support future sales growth.

Bespak's dry-powder inhaler (DPI) business benefited from the FDA approval of Mylan's Wixela® product in January this year, with modest growth achieved as Mylan continued to unwind its pre-launch inventories and gain market share.

Our broad range of products and programmes has grown over many years and we continue to supplement these with new products, including promising developments for our nasal and injectables franchises. This is evidenced by another significant contract win utilising our Vapoursoft® auto-injector technology with Regeneron Pharmaceuticals.

As expected, service revenue was lower as a result of a number of successful development programmes converting to commercial product revenue following approval and launch, as well as reduced programme activities. Service revenue decreased during the period to £1.9m (H1 FY2019: £3.0m) as a result.

Bespak delivered a 10.2% increase in underlying EBIT to £14.1m and improved its sector leading margin by 90bps to 21.7%. This growth in profitability reflects 5.4% sales growth, a continued focus on cost efficiencies and a favourable mix of higher margin products.

Product Development

Bespak has a wide range of commercial programmes, supported by a broad product development pipeline that present further growth opportunities. This development pipeline is across a range of therapeutic areas, including both contract manufacturing and products with our own proprietary intellectual property (IP).

To provide visibility of Bespak's strong position, we have set out in the table below a summary of our more significant development opportunities recognising that timescales are difficult to predict. For inclusion in the table, projects must have a reasonable expectation of success and are forecast to produce peak annual revenues of at least £3m per annum.

Our Syrina®/ Vapoursoft® auto-injector offering continues to generate significant interest and we have recently signed a new development agreement (SYR085) including key commercial supply terms with Regeneron Pharmaceuticals. The agreement provides for Consort's proprietary VapourSoft® technology to be incorporated into a novel drug delivery device designed by Regeneron Pharmaceuticals. This is now the third contract win with a global biopharmaceutical customer utilising our proprietary Syrina®/ Vapoursoft® platform and further validates the technology.

Binx Health, in which Consort Medical owns a minority shareholding, recently received FDA approval for its first-of-kind, molecular point-of-care (POC) diagnostic testing platform, the binx io®. The binx io® platform is a rapid, qualitative, fully-automated test, designed to be easy to use, and intended for use in POC or clinical laboratory settings, providing the world's first sample-to-answer result in about 30 minutes for the detection of chlamydia and gonorrhoea, the two most tested-for STIs globally. The Group has a 15.2% equity investment in Binx Health and is the sole supplier of the single use cassettes for this product under the POC010 programme.

Further programmes include additional respiratory product opportunities and continued progress on point-of-care, nasal and ocular programmes. The current status of the major programmes in our development pipeline is listed below:

Project	**Description**	**Customer**	**Status**
VAL020	MDI valve	Global Pharma	Programme under review by customer
POC010	POC test cartridge	Binx Health (previously Atlas Genetics)	Approved by FDA
NAS030	Nasal device	Pharma Co.	Early stage programme
NAS040	Nasal device	Opiant Pharmaceuticals	Early stage programme progressing to commercialisation
INJ650	ASI® Auto-injector	Global Generic	Programme not expected to progress
INJ700	Lila® Mix Injector	Pharma Co.	Programme under review
IDC300	Oral IDC	Pharma Co.	Awaiting FDA approval
VAL050	MDI valve / actuator	Aeropharm	Development contract ongoing
OCU050	Ocular device/ formulation / filling	Oxular	Early stage programme
SYR075	Syrina® / Vapoursoft®	Global Biopharma	Programme under review

INJ750	Injectable device	Existing Customer	Programme progressing to commercialisation
SYR080	Syrina® / Vapoursoft®	Global Biopharma	Development agreement signed
SYR085	Vapoursoft®	Regeneron	Development agreement signed

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

Innovation

Bespak has an innovation team of 30 at its dedicated facility in Cambridge and is continuing to work on a growing number of opportunities. We continue to invest in and expense the majority of this significant investment in developing our new technology platforms with our proprietary technology.

We have seen the number of opportunities continue to grow, particularly in the injectables franchise from biotech and pharmaceutical companies, including the new programmes that we have recently added to our development pipeline.

The team is also supporting the Group's proprietary nasal programmes which include unique IP protected technology that accurately delivers a single precise dose of a pharmaceutical product to a patient. This Unidose® Xtra product, in conjunction with the proposed Aesica sterile fill capability, has the potential to provide significant growth opportunities for the Group.

One such opportunity of the Unidose® Xtra product is a significant joint development agreement with Aesica to manufacture and fill the device for US based Opiant Pharmaceuticals to treat opioid overdose. Opioid overdose is the leading cause of death in the US for adults under the age of 50.

Aesica *(Development and Manufacture of API & Finished Dose)*

Operations

	H1 FY2020[1]	H1 FY2019[1]	Δ% Reported	Δ% CER[2]
Revenue	£81.1m	£90.9m	(10.8%)	(11.1%)
EBITDA[3]	£1.1m	£11.7m	(91.5%)	(91.5%)
EBITDA margin %	1.4%	12.9%		
EBIT[3]	(£3.6m)	£8.0m	(145.0%)	(145.0%)
EBIT margin %	(4.4%)	8.8%		

[1]Underlying amounts presented above are defined by our Alternative Performance Measures (APM) methodology. [2]CER – at constant exchange rates; H1 FY2019 actuals retranslated at the H1 FY2020 actual average rates; [3]Before special items of £6.9m (H1 FY2019: £8.5m) comprising amortisation of acquired intangibles and other one-off items.

Aesica develops, formulates and manufactures APIs and finished dose drugs to the highest quality standards. It has strong and well-established relationships with many of the world's leading pharmaceutical companies and works closely with them to support their growth strategies. Aesica has regulatory approved facilities in the UK, Germany and Italy.

Aesica's reported revenue decreased by 10.8% to £81.1m (H1 FY2019: £90.9m). This reflected the temporary cessation of manufacturing activities as a result of the Cramlington incident and an increase in the backlog. The decrease in revenue also included the impact of operational challenges at Queenborough which are being addressed, partially offset by higher sales in Germany.

The business reported an EBIT loss in the period of £3.6m (H1 FY2019: £8.0m profit) with the Cramlington incident having the largest impact on profits. In addition, the Queenborough site's performance was adversely impacted by the above-mentioned operational challenges within its finished dose business. Germany's EBIT was lower than a strong comparative period due to a lower margin sales mix which is expected to improve in the second half of the year.

We continue to invest in the business, including expanding capacity and serialisation at the Germany and Queenborough sites. We are also further investing in Queenborough's new development centre in order to better serve our customers and further diversify our revenue streams.

Business Development and Innovation

Aesica has deep, long-term relationships with a strong, blue-chip customer base. These relationships are supported by contracts that typically range between three and ten years generating recurring revenues, the majority of which are renewed at the end of their term. Our technological and regulatory expertise supports Aesica in providing a broad variety of high quality products to many markets. These long-term relationships from our approved sites enable us to provide additional products and services in partnership with these valued customers.

The Aesica commercial team is focused on a growing number of formulation development and manufacturing opportunities. These include businesses looking for support on new products and pharmaceutical companies seeking to either out-source an activity or change suppliers. Aesica's business development team has a regional structure to ensure that we can effectively support our customers from our manufacturing facilities in the UK, Germany and Italy.

Aesica's track record provides potential customers with an established partner, able to provide a high level of service supported by regulatory compliance. We have regular routine compliance audits from regulatory bodies including the MHRA, FDA, Russian HA and many other regional regulatory authorities. We share our regulatory expertise across the wider Group.

We continue to make progress on the cross divisional commercial agreement with Opiant Pharmaceuticals combining Aesica and Bespak expertise to manufacture and fill the Unidose® Xtra medical device. This combined offering is a good example of fulfilling an objective of the Aesica acquisition, with Consort being a truly single source drug and delivery device company.

The business has identified a number of attractive business development opportunities with pharmaceutical companies looking to source oral product. This is supported by our investment in a new liquid filling production line in Italy which has significantly increased capacity at the site.

We also continued our strategic investments across the Group, particularly in serialisation which is an increasing regulatory requirement. This facilitates the identification of products at the individual pack level. We have supported our customers as they implement serialisation across their product ranges utilising the Group's expertise with this technology.

Recommended cash offer by Recipharm Holdings Limited

The boards of Recipharm AB, Recipharm Holdings Limited and Consort Medical plc have announced that they have reached an agreement on the terms of the recommended cash offer by Recipharm, a wholly-owned direct subsidiary of Recipharm AB, for the entire issued and to be issued share capital of Consort. The terms of this offer are disclosed on the Group's website.

Consort Medical continues to operate as an independent business until the potential completion of this transaction.

Consort's preparations for the UK's departure from the European Union

As we have previously disclosed, the Group has considered the nature and extent of risks and uncertainties arising from the result of the UK referendum to leave the European Union and the impact on the future performance and position of the business. The main risks to the Group have been assessed as being:

- Disruption to the supply chain: we have increased our inventory holdings of raw materials that is anticipated to mitigate any delays in importation, and
- Lower sales activity: the Group has long-term agreements in place with large international pharmaceutical businesses that operate on a global basis. The Group's existing plants in Germany and Italy would be utilised to effectively manage any disruption to the supply chain.

The Board does not consider that the UK leaving the European Union without a deal will have a significant impact on the Group's operations and ability to service its supply chain. As negotiations continue, the Board will monitor outcomes, assess the impact on the regulatory environment in which the Group operates, its customers, supply chain and employees and will implement an appropriate response.

Outlook

Consort's first half performance reflects strong growth from Bespak offsetting a previously reported slow start to the year by Aesica. Bespak has delivered an improvement in its sector leading margin and has substantial new contracts that will support the Group's growth prospects. Aesica's first half performance includes the significant operational disruption caused by an incident at its Cramlington manufacturing facility.

The Group has considerable growth opportunities including three development contracts for its proprietary Syrina®/ Vapoursoft® injectable technology with major bio-pharma groups. We continue to invest in our research and development capabilities expanding our intellectual property and building on our exciting pipeline at both Bespak and Aesica to support our strong long-term growth prospects.

The Board's expectations for the full year remain unchanged. We anticipate that the Group's performance in the second half of the year will benefit from continued growth in Bespak, recommencing manufacture of the specific product involved in the Cramlington incident and a reduction in the backlog at Aesica.

The Group is subject to a recommended offer from Recipharm Holdings Ltd. The Board remains confident of Consort's future prospects.

Financial Review

Revenue

Group revenue decreased by £6.5m (4.3%) to £146.0m with a 4.4% decrease in underlying revenue when taking into account constant currency. Bespak revenue increased by £3.3m (5.4%) reflecting continued growth in the valves business and increased volumes of Mylan's Wixela®. Aesica's revenue was adversely impacted by the Cramlington incident and lower production at Queenborough, which was partially offset by increased sales of lower margin products at the German business. As a result, Aesica's revenue was £81.1m (10.8%) lower than prior year or by 11.1% at constant exchange rates.

EBIT

Group EBIT before special items decreased by 49.5% to £10.5m with a 49.6% decrease in underlying EBIT at constant currency. The lower EBIT reflects a strong growth at Bespak with the business increasing its sector leading margin to 21.7% (H1 FY2019: 20.8%), offset by the adverse performance of the Aesica business as detailed above. At the Group level, underlying EBIT margin decreased to 7.2% (H1 FY2019: 13.6%).

Finance costs and profit before tax

Net finance costs at £2.0m (H1 FY2019: £1.8m) reflect a higher level of debt and the adoption of IFRS 16.

Profit before tax and special items declined £10.5m to £8.5m (H1 FY2019: £19.0m) and reflects the reduced EBIT in the period and marginally higher finance costs.

Special items

Special items are those items which the Group considers to be non-recurring or are not part of the underlying performance of the business. Special items before tax were £7.3m in the period (H1 FY2019: £9.4m). This includes £4.8m of amortisation of acquired intangibles (H1 FY2019: £5.4m) and £2.5m of other one-off items (H1 FY2019: £4.0m) mainly relating to the incident at Cramlington (£0.4m), the reorganisation of Queenborough (£0.7m), and the loss on cessation of API activities at Queenborough (£1.1m).

Statutory profit before tax was £8.4m lower at £1.2m (H1 FY2019: £9.6m) after accounting for these special items.

Taxation

The effective tax rate (ETR) on profit before tax and special items was 20.7% (H1 FY2019 19.0%) giving rise to an underlying tax charge of £1.8m (H1 FY2019: £3.6m). The effective tax rate (ETR) reflects a combination of factors including the continuing benefits of the Patent Box regime in the Bespak business and the proportion of profits arising in our European Aesica businesses where there are higher jurisdictional tax rates. The outlook for the ETR for FY2020 is 20%, subject to the mix of Bespak revenues (IP and non-IP protected), and the mix of Aesica profits 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. The Group continues to be rated low risk by HMRC.

Earnings per share (EPS)

Adjusted basic EPS decreased by 56.2% to 13.7p per share (H1 FY2019: 31.3p). Basic EPS decreased by 85.3% to 2.3p per share (H1 FY2019: 15.6p).

Dividend

The Board has not declared an interim dividend due to the terms of Recipharm's offer (H1 FY2019: 7.60p).

Cash flow and net debt

Cash generated from operations was £1.3m (H1 FY2019: £17.6m) with the Group maintaining a continued focus on working capital management.

The working capital outflow (excluding special items) of £12.8m for the period (H1 FY2019: £9.8m outflow) includes £6.8m higher receivables due to strong sales of the Group towards the end of the period. There was also a £4.4m increase in inventory to support a higher order backlog going into the second half of the year. We anticipate an unwinding of the inventory balance should the UK leave the European Union before the financial year-end, allowing our inventory holdings to reduce to more normal levels. The cash effect of the special items paid in the period was £5.1m (H1 FY2019: £1.8m).

Capital expenditure of £7.4m (H1 FY2019: £8.3m) included investments across the business to enhance facilities and expand manufacturing capacity and serialisation capabilities.

Net debt was £112.2m at period end (30 April 2019: £97.4m) or 2.4x EBITDA (30 April 2019: 1.8x).

Financing and liquidity

The Group has a £200m revolving credit facility which expires in October 2023 with options for two one-year extensions. An additional £80m accordion facility allows further funding to be made available by the participating banks to support significant investment or acquisition opportunities which may arise.

The Group also has uncommitted overdraft facilities of £4.5m and £1.1m in the UK and €0.7m in Italy which it utilises to manage its requirements for short term operational funding.

Foreign Currency Exposure

The Group monitors its foreign currency exposures carefully and seeks to mitigate all material transactional exposures. Bespak currently has limited exposure to movements in the Euro and US Dollar while Aesica has an exposure to the Euro. Where appropriate, forward foreign currency is bought and/or sold to protect transactional 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 10¢ strengthening/weakening in the Euro:GBP exchange rate increases/decreases annualised revenue by c.£8.2m and EBIT by c.£1.2m.

Pensions

The IAS 19 pension valuation at 31 October 2019 showed a total deficit of £23.1m (30 April 2019: £19.2m). The increase in the liability is attributable to net changes in the discount rate and inflation linked assumptions. Current annual pension deficit recovery contributions of £2.5m are expected to increase to £3.0m and £3.5m in the two year periods commencing November 2019 and November 2021, respectively.

Risk Management

The Group is exposed to a number of risks and considers effective risk management to be a high priority. As such the Group operates a detailed framework for assessing risk and implementing processes and procedures to partly mitigate these risks which are further described in the Annual Report & Accounts. This includes the risks associated with Brexit as disclosed earlier in this report.

Jonathan Glenn	**Paul Hayes**
Chief Executive Officer	Chief Financial Officer

Statement of directors' responsibilities

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

- an indication of important events that have occurred during the first six months and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related-party transactions in the first six months and any material changes in the related-party transactions described in the last annual report.

The directors of Consort Medical plc are listed in the Consort Medical plc Annual Report for the year ended 30 April 2019. A list of current directors is maintained on the Consort Medical plc website: www.consortmedical.com.

By order of the Board

Paul Hayes
Chief Financial Officer
2 December 2019

INDEPENDENT REVIEW REPORT TO CONSORT MEDICAL PLC

Conclusion

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 October 2019 which comprises Condensed Consolidated Income Statement, Condensed Consolidated Statement of Comprehensive Income, Condensed Consolidated Balance Sheet, Condensed Consolidated Statement of Changes in Equity, Condensed Consolidated Cash Flow Statement and the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 October 2019 is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU and the Disclosure Guidance and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA").

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. We read the other information contained in the half-yearly financial report and consider whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

The impact of uncertainties due to the UK exiting the European Union on our review

Uncertainties related to the effects of Brexit are relevant to understanding our review of the condensed financial statements. Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. An interim review cannot be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FCA.

The annual financial statements of the group are prepared in accordance with International Financial Reporting Standards as adopted by the EU. The directors are responsible for preparing the condensed set of financial statements included in the half-yearly financial report in accordance with IAS 34 as adopted by the EU.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

The purpose of our review work and to whom we owe our responsibilities

This report is made solely to the company in accordance with the terms of our engagement to assist the company in meeting the requirements of the DTR of the UK FCA. Our review has been undertaken so that we might state to the company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our review work, for this report, or for the conclusions we have reached.

Lynton Richmond

for and on behalf of KPMG LLP

Chartered Accountants
15 Canada Square
London
E14 5GL

2 December 2019

Condensed Consolidated Income Statement

For the six months ended 31 October 2019

	Note	**Unaudited 1 May to 31 October 2019 £m**	Unaudited 1 May to 31 October 2018 £m	Audited 1 May to 30 April 2019 £m
Revenue	2	**146.0**	152.5	305.1
Operating expenses before special items		**(135.5)**	(131.7)	(263.8)
Operating profit before special items		**10.5**	20.8	41.3
Special items	3	**(7.3)**	(9.4)	(25.7)
Operating profit		**3.2**	11.4	15.6
Finance income		**0.1**	0.3	0.4
Finance costs	4	**(1.8)**	(1.9)	(3.7)
Other finance costs	4	**(0.3)**	(0.2)	0.2
Profit before tax and special items		**8.5**	19.0	38.2
Special items	3	**(7.3)**	(9.4)	(25.7)
Profit before tax		**1.2**	9.6	12.5
Tax on profit before special items	5	**(1.8)**	(3.6)	(7.1)
Special items – tax	3	**1.7**	1.7	5.1
Tax charge	5	**(0.1)**	(1.9)	(2.0)
Profit for the financial period		**1.1**	7.7	10.5
Earnings per share, attributable to the ordinary equity holders of the parent				
Basic earnings per ordinary share	6	**2.3p**	15.6p	21.3p
Diluted earnings per ordinary share	6	**2.3p**	15.5p	21.2p

Non-statutory measures		**£m**	£m	£m
Profit before tax and special items		**8.5**	19.0	38.2
Profit after tax before special items	6	**6.7**	15.4	31.1
Adjusted basic earnings per ordinary share	6	**13.7p**	31.3p	63.4p
Adjusted diluted earnings per ordinary share	6	**13.5p**	31.1p	62.8p

The notes on pages 22 to 33 form part of these condensed consolidated financial statements.

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 31 October 2019

	Unaudited 1 May to 31 October 2019 £m	Unaudited 1 May to 31 October 2018 £m	Audited 1 May to 30 April 2019 £m
Profit for the financial period	**1.1**	7.7	10.5
Other comprehensive income			
Items that may be reclassified subsequently to profit and loss:			
Net (loss) / gain on hedge of a net investment	**-**	(0.3)	0.5
Exchange movements on translation of foreign subsidiaries	**-**	1.6	(2.7)
Items that will not be reclassified subsequently to profit and loss:			
Actuarial losses on defined benefit pension scheme	**(4.9)**	(1.9)	(6.5)
Deferred tax on actuarial losses	**1.0**	0.3	1.1
Impact of change in tax rates	**(0.1)**	-	-
Other comprehensive loss for the period	**(4.0)**	(0.3)	(7.6)
Total comprehensive (loss) / income for the period	**(2.9)**	7.4	2.9

The notes on pages 22 to 33 form part of these condensed consolidated financial statements.

Condensed Consolidated Balance Sheet

at 31 October 2019

	Note	**Unaudited 31 October 2019 £m**	Unaudited 31 October 2018 £m	Audited 30 April 2019 £m
Assets				
Non-current assets				
Property, plant and equipment		**159.8**	147.7	152.5
Goodwill		**128.4**	130.3	128.4
Other intangible assets		**33.9**	43.0	37.3
Investments	9	**12.3**	11.6	11.6
Trade and other receivables		**3.7**	5.0	5.4
		338.1	337.6	335.2
Current assets				
Inventories		**51.5**	41.1	47.1
Trade and other receivables		**74.3**	67.5	67.9
Current tax assets		**-**	-	1.9
Cash and cash equivalents	10	**14.8**	24.1	13.5
		140.6	132.7	130.4
Total assets		**478.7**	470.3	465.6
Liabilities				
Current liabilities				
Trade and other payables		**(70.9)**	(65.9)	(73.4)
Derivative financial instruments	9	**(0.1)**	(0.1)	(0.2)
Current tax liabilities		**(0.5)**	(1.0)	-
Provisions for other liabilities		**(5.4)**	(2.3)	(6.5)
		(76.9)	(69.3)	(80.1)
Net current assets		**63.7**	63.4	50.3
Non-current liabilities				
Borrowings	10	**(127.0)**	(119.4)	(110.9)
Trade and other payables		**(11.4)**	(3.8)	(1.7)
Deferred tax liabilities		**(10.8)**	(14.5)	(12.9)
Defined benefit pension scheme deficit	12	**(23.1)**	(16.1)	(19.2)
Provisions for other liabilities		**(1.0)**	(0.3)	(2.6)
		(173.3)	(154.1)	(147.3)
Total liabilities		**(250.2)**	(223.4)	(227.4)
Net assets		**228.5**	246.9	238.2
Shareholders' equity				
Share capital	14	**4.9**	4.9	4.9
Share premium		**139.2**	139.2	139.2
Retained earnings		**76.3**	91.2	86.0
Other reserves		**8.1**	11.6	8.1
Total equity		**228.5**	246.9	238.2

The notes on pages 22 to 33 form part of these condensed consolidated financial statements.

Condensed Consolidated Statement of Changes in Shareholders' Equity
For the six months ended 31 October 2019

	Share capital £m	Share premium £m	Retained earnings £m	Other reserves £m	**Total £m**
Balance at 1 May 2018 (audited)	**4.9**	**138.5**	**92.6**	**10.3**	**246.3**
Profit for the financial period	-	-	7.7	-	**7.7**
Exchange movements on translation of foreign subsidiaries	-	-	-	1.3	**1.3**
Actuarial losses on defined benefit schemes	-	-	(1.9)	-	**(1.9)**
Tax on amounts taken directly to equity	-	-	0.3	-	**0.3**
Total comprehensive income	-	-	6.1	1.3	**7.4**
Recognition of share-based payments	-	-	1.5	-	**1.5**
Movement on tax arising on share-based payments	-	-	0.3	-	**0.3**
Proceeds from exercise of employee options	-	0.7	-	-	**0.7**
Consideration paid for purchase of own shares (held in trust)	-	-	(2.6)	-	**(2.6)**
Equity dividends (note 7)	-	-	(6.7)	-	**(6.7)**
	-	0.7	(7.5)	-	**(6.8)**
Balance at 31 October 2018 (unaudited)	**4.9**	**139.2**	**91.2**	**11.6**	**246.9**
Balance at 1 May 2018 (audited)	**4.9**	**138.5**	**92.6**	**10.3**	**246.3**
Profit for the financial period	-	-	10.5	-	**10.5**
Exchange movements on translation of foreign subsidiaries	-	-	-	(2.2)	**(2.2)**
Actuarial losses on defined benefit schemes	-	-	(6.5)	-	**(6.5)**
Tax on amounts taken directly to equity	-	-	1.1	-	**1.1**
Total comprehensive income	-	-	5.1	(2.2)	**2.9**
Recognition of share-based payments	-	-	0.7	-	**0.7**
Movement on tax arising on share-based payments	-	-	(0.2)	-	**(0.2)**
Proceeds from exercise of employee options	-	0.7	-	-	**0.7**
Consideration paid for purchase of own shares (held in trust)	-	-	(1.8)	-	**(1.8)**
Equity dividends (note 7)	-	-	(10.4)	-	**(10.4)**
	-	0.7	(11.7)	-	**(11.0)**
Balance at 1 May 2019 (audited)	**4.9**	**139.2**	**86.0**	**8.1**	**238.2**
Profit for the financial period	-	-	1.1	-	**1.1**
Actuarial losses on defined benefit schemes	-	-	(4.9)	-	**(4.9)**
Tax on amounts taken directly to equity	-	-	0.9	-	**0.9**
Total comprehensive income	-	-	(2.9)		**(2.9)**
Recognition of share-based payments	-	-	0.4	-	**0.4**
Movement on tax arising on share-based payments	-	-	(0.1)	-	**(0.1)**
Consideration paid for purchase of own shares (held in trust)	-	-	(0.3)	-	**(0.3)**
Equity dividends (note 7)	-	-	(6.8)	-	**(6.8)**
	-	-	(6.8)	**-**	**(6.8)**
Balance at 31 October 2019 (unaudited)	**4.9**	**139.2**	**76.3**	**8.1**	**228.5**

The notes on pages 22 to 33 form part of these condensed consolidated financial statements.

Condensed Consolidated Cash Flow Statement

For the six months ended 31 October 2019

	Unaudited 1 May to 31 October 2019 £m	Unaudited 1 May to 31 October 2018 £m	Audited 1 May to 30 April 2019 £m
Cash flows from operating activities			
Operating profit	**3.2**	11.4	15.6
Depreciation	**8.0**	6.6	13.3
Amortisation	**5.1**	5.7	11.3
Loss on disposal of property, plant and equipment	**-**	-	0.1
Impairment of tangible assets	**-**	3.5	3.5
Share-based payments	**0.4**	1.5	0.7
Pension charge in excess of cash contributions	**-**	0.5	0.6
(Increase) in inventories	**(4.4)**	(5.8)	(12.2)
(Increase) / decrease in trade and other receivables	**(6.8)**	1.8	0.3
(Decrease) / increase in trade and other payables	**(1.5)**	(5.5)	2.3
(Decrease) / increase in provisions	**(2.7)**	(2.1)	4.4
Cash generated from operations	**1.3**	17.6	39.9
Interest paid	**(1.7)**	(1.4)	(3.0)
Defined benefit scheme contributions	**(1.3)**	(1.2)	(2.7)
Tax received	**1.6**	4.5	0.4
Net cash (outflow) / inflow from operating activities	**(0.1)**	19.5	34.6
Cash flows from investing activities			
Purchases of property, plant and equipment	**(7.4)**	(8.0)	(22.7)
Purchases of intangible assets	**-**	(0.3)	(0.9)
Interest received	**0.1**	0.2	0.4
Purchase of equity investment	**(0.7)**	(0.2)	(0.2)
Net cash (used in) investing activities	**(8.0)**	(8.3)	(23.4)
Cash flows from financing activities			
Proceeds from issues of ordinary share capital	**-**	0.7	0.7
Purchase of own shares	**(0.3)**	(2.6)	(1.8)
Equity dividends paid to shareholders	**(6.8)**	(6.7)	(10.4)
Drawing on borrowings	**28.5**	128.1	143.2
Repayment of amounts borrowed	**(11.1)**	(126.4)	(149.1)
Upfront loan facility fees	**-**	(1.7)	(1.7)
Payment of lease liabilities	**(0.9)**	-	-
Net cash generated from / (used in) financing activities	**9.4**	(8.6)	(19.1)
Net increase in cash and cash equivalents	**1.3**	2.6	(7.9)
Effects of exchange rate changes	**-**	0.1	-
Cash and cash equivalents at start of period	**13.5**	21.4	21.4
Cash and cash equivalents at end of period	**14.8**	24.1	13.5

The notes on pages 22 to 33 form part of these condensed consolidated financial statements.

Notes to the financial statements

General Information

Consort Medical plc is a public limited company incorporated and domiciled in the UK. The address of its registered office is Suite B, Breakspear Park, Breakspear Way, Hemel Hempstead, Herts, HP2 4TZ. The Company is listed on the London Stock Exchange.

1. Presentation of the financial statements

These condensed consolidated interim financial statements were approved for issue on 2 December 2019.

These condensed consolidated interim financial statements do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 30 April 2019 were approved by the Board of directors on 12 June 2019 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 of the Companies Act 2006.

These condensed consolidated interim financial statements have been reviewed by the Group's auditor, not audited – see Independent Review Report.

Basis of preparation

These condensed consolidated interim financial statements for the six months ended 31 October 2019 have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and with IAS 34 - Interim Financial Reporting, as adopted by the European Union. These condensed consolidated interim financial statements should be read in conjunction with the annual consolidated financial statements for the year ended 30 April 2019, which have been prepared in accordance with IFRS as adopted by the European Union.

Accounting policies

The accounting policies applied are consistent with those of the annual financial statements for the year ended 30 April 2019, as described in those annual financial statements except where disclosed otherwise in this note. Taxes on income in the interim periods are accrued using the estimated tax rate that would be applicable to expected total annual earnings in each jurisdiction.

Critical accounting estimates and judgments

The preparation of interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing these condensed consolidated interim financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 30 April 2019.

Going concern

The Group is subject to a recommended offer from Recipharm Holdings Ltd. Should this transaction not proceed, the directors have, at the time of approving the interim financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future.

Notes to the financial statements (continued)

1. Presentation of the financial statements (continued)

Similarly, based on discussions with Recipharm Holdings Ltd, the directors have no reason to believe that should the transaction proceed the group will not 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 interim financial statements.

Alternative Performance Measures and the treatment of special items

In addition to statutory measures, a number of Alternative Performance Measures (APMs) are included in these condensed consolidated interim financial statements to assist investors in gaining a clearer understanding and balanced view of the Group's underlying performance and in comparison with performance across the industry. These measures are consistent with how business performance is measured internally.

The APMs used include operating profit, profit before tax, profit after tax and earnings per share, adjusted to eliminate special items, being the amortisation of acquired intangibles and other significant one-off items not linked to the underlying performance of the business. Further, underlying constant exchange rate measures are given which eliminate the impact of currency movements by comparing the current measure against the comparative restated at this period's actual average exchange rates. Where APMs are given, these are compared to the equivalent measures in the prior year. The adoption of IFRS 16 has no material impact on comparability.

Further detail on the special items in the period can be found in note 3. The APM of earnings before interest, tax, depreciation and amortisation (EBITDA) includes the add-back of any profit or loss on disposal of property, plant and equipment.

Reconciliation of statutory measures to Alternative Performance Measures

	Unaudited 1 May to 31 October 2019 £m	Unaudited 1 May to 31 October 2018 £m	Audited 1 May to 30 April 2019 £m
Profit before tax	**1.2**	9.6	12.5
Add back: net finance costs	**2.0**	1.8	3.1
Operating profit	**3.2**	11.4	15.6
Add back: Special items (note 3)	**7.3**	9.4	25.7
Operating profit before special items	**10.5**	20.8	41.3
Depreciation	**8.0**	6.6	13.3
Amortisation	**5.1**	5.7	11.3
Less: Amortisation of acquired intangibles (note 3)	**(4.8)**	(5.4)	(10.8)
Loss on disposal of property, plant and equipment	**-**	-	0.1
EBITDA before special items	**18.8**	27.7	55.2
Operating profit before special items	**10.5**	20.8	41.3
Net finance costs	**(2.0)**	(1.8)	(3.1)
Profit before tax and special items (PBT)	**8.5**	19.0	38.2

Notes to the financial statements (continued)

1. Presentation of the financial statements (continued)

Revenue and profit before tax and special items for the comparative six month period translated at constant exchange rates (CER) are as follows:

	Reported 1 May to 31 October 2018 £m	**CER** 1 May to 31 October 2018 £m
Revenue	152.5	152.7
Profit before tax and special items	19.0	19.0

New standards, amendments and interpretations

The following accounting standards and amendments are effective for the year commencing 1 May 2019 but are not expected to have a material impact on the Group:

- IFRIC 23 Uncertainty over Income Tax Treatments
- Prepayment Features with Negative Compensation (Amendments to IFRS 9)
- Long Term Interests in Associates and Joint Ventures (Amendments to IAS 28)
- Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)
- Annual Improvements to IFRS standards (2015-2017 Cycle) - Various Standards

IFRS 16 Leases was adopted by the Group effective 1 May 2019. The standard provides a single lease accounting model, requiring lessees to recognise assets and liabilities for all leases unless the term is 12 months or less or the underlying asset has a low value. The Group performed a review of leases held at 1 May 2019 and used the modified retrospective transition approach detailed in the standard to recognise leases of £7.3m, representing total cash commitments under leases discounted to present value and right-of-use assets to the equivalent value. No adjustment to equity was made on transition and comparative results have not been restated.

On transition to IFRS 16, the Group has applied the following practical expedients:

- Applied IFRS 16 only to those contracts previously identified as leases under IAS 17 that existed on the date of initial application.
- Applied the exemption not to recognise right of use assets and liabilities for leases with a remaining term of less than 12 months.

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. This information analyses the Group between two divisions, Bespak and Aesica. The Executive Committee assesses the performance of the operating segments based on a measure of operating profit which excludes the impact of special items from the operating segments. Special items are analysed in note 3.

Notes to the financial statements (continued)

2. Segmental information (continued)

The segment information provided to the Executive Committee for both of these reportable segments for the six months ended 31 October 2019 is as follows:

For the six months ended 31 October 2019	Bespak £m	Aesica £m	Unallocated £m	Total £m
Revenue from products	63.0	75.7		138.7
Revenue from services	1.9	5.4		7.3
Revenue by business segment	**64.9**	**81.1**		**146.0**
Segment operating profit / (loss) before special items	**14.1**	**(3.6)**		**10.5**
Special items excluding amortisation of acquired intangibles (note 3)	-	(2.5)		(2.5)
Amortisation of acquired intangibles	(0.4)	(4.4)		(4.8)
Segment operating profit / (loss)	**13.7**	**(10.5)**		**3.2**
Finance income				0.1
Finance costs (note 4)				(1.8)
Other finance costs (note 4)				(0.3)
Profit before tax				**1.2**
Taxation (note 5)				(0.1)
Profit for the period				**1.1**
Segmental balance sheet				
Total assets	159.1	303.0	16.6	478.7
Total liabilities	(53.1)	(68.5)	(128.6)	(250.2)
Net assets / (liabilities)	**106.0**	**234.5**	**(112.0)**	**228.5**

For the six months ended 31 October 2018	Bespak £m	Aesica £m	Unallocated £m	Total £m
Revenue from products	58.6	81.6		140.2
Revenue from services	3.0	9.3		12.3
Revenue by business segment	**61.6**	**90.9**		**152.5**
Segment operating profit before special items	**12.8**	**8.0**		**20.8**
Special items excluding amortisation of acquired intangibles (note 3)	(0.5)	(3.5)		(4.0)
Amortisation of acquired intangibles	(0.4)	(5.0)		(5.4)
Segment operating profit / (loss)	**11.9**	**(0.5)**		**11.4**
Finance income				0.3
Finance costs (note 4)				(1.9)
Other finance costs (note 4)				(0.2)
Profit before tax				**9.6**
Taxation (note 5)				(1.9)
Profit for the period				**7.7**
Segmental balance sheet				
Total assets	151.8	298.5	20.0	470.3
Total liabilities	(45.1)	(59.5)	(118.8)	(223.4)
Net assets / (liabilities)	**106.7**	**239.0**	**(98.8)**	**246.9**

Notes to the financial statements (continued)

2. Segmental information (continued)

For the year ended 30 April 2019	Bespak £m	Aesica £m	Unallocated £m	Total £m
Revenue from products	118.2	161.1		279.3
Revenue from services	8.0	17.8		25.8
Revenue by business segment	**126.2**	**178.9**		**305.1**
Segment operating profit before special items	**25.6**	**15.7**		**41.3**
Special items excluding amortisation of acquired intangibles (note 3)	(0.7)	(14.2)		(14.9)
Amortisation of acquired intangibles	(0.8)	(10.0)		(10.8)
Segment operating profit / (loss)	**24.1**	**(8.5)**		**15.6**
Finance income				0.4
Finance costs (note 4)				(3.7)
Other finance costs (note 4)				0.2
Profit before tax				**12.5**
Taxation (note 5)				(2.0)
Profit for the financial year				**10.5**
Segmental balance sheet				
Total assets	143.6	302.4	19.6	465.6
Total liabilities	(42.0)	(71.4)	(114.0)	(227.4)
Net assets / (liabilities)	**101.6**	**231.0**	**(94.4)**	**238.2**

The Group's operating locations are based in the United Kingdom and Europe, with the Group also making sales in the USA and the rest of the world.

Revenue by destination	**Unaudited 1 May to 31 October 2019 £m**	Unaudited 1 May to 31 October 2018 £m	Audited 1 May to 30 April 2019 £m
Europe (excluding United Kingdom)	**99.9**	108.5	210.8
United Kingdom	**23.2**	13.3	23.3
United States of America	**9.7**	15.7	31.1
Rest of the world	**13.2**	15.0	39.9
Total revenue	**146.0**	152.5	305.1

Notes to the financial statements (continued)

3. Special items

	Unaudited 1 May to 31 October 2019 £m	Unaudited 1 May to 31 October 2018 £m	Audited 1 May to 30 April 2019 £m
Amortisation of acquired intangibles	**4.8**	5.4	10.8
Reorganisation costs and advisor fees	**1.4**	-	10.0
Impairment of assets	**-**	3.5	4.4
Loss on cessation of API activities	**1.1**	-	-
Pension charges	**-**	0.5	0.5
Special items before taxation	**7.3**	9.4	25.7
Tax on special items	**(1.6)**	(2.1)	(5.5)
Special tax items	**(0.1)**	0.4	0.4
Special items after taxation	**5.6**	7.7	20.6

- Amortisation of acquired intangibles represents the charge in relation to Aesica of £4.4m (H1 FY2019: £5.0m) and £0.4m (H1 FY2019: £0.4m) in relation to The Medical House.

- Reorganisation costs and advisor fees relate to the incident at Aesica Cramlington, the reorganisation of Aesica Queenborough, and the costs associated with an aborted potential acquisition.

- Impairment of assets in the prior year relates to a write down of the carrying values of assets due to a lack of future anticipated economic value.

- Loss on cessation of API activities relate to completing the final production runs at the Queenborough API facility to satisfy sales commitments negotiated with customers.

- Pension charges in the prior year relate to the one off true-up of the UK's defined benefit pension liabilities as a result of the High Court ruling handed down on 26 October 2018 requiring the equalisation of male and female Guaranteed Minimum Pension obligations.

- The special tax item in the current year relates to a change in the tax rate, and the prior year special tax item relates to a reduction in capital losses claimable in relation to Aesica assets.

Notes to the financial statements (continued)

4. Finance costs

	Unaudited 1 May to 31 October 2019 £m	Unaudited 1 May to 31 October 2018 £m	Audited 1 May to 30 April 2019 £m
Interest on bank overdrafts and loans including amortised fees	**1.8**	1.9	3.7
Total finance costs	**1.8**	1.9	3.7

Other finance costs			
Net interest cost on defined benefit schemes (note 12)	**0.2**	0.2	0.3
Foreign exchange losses	**-**	-	(0.5)
Interest expense on lease liabilities payable	**0.1**	-	-
Total other finance costs	**0.3**	0.2	(0.2)

5. Taxation

	Unaudited 1 May to 31 October 2019 £m	Unaudited 1 May to 31 October 2018 £m	Audited 1 May to 30 April 2019 £m
Current tax			
UK corporation tax	**-**	0.9	0.8
Adjustments in respect of prior periods	**0.1**	-	(0.3)
Foreign tax	**1.3**	2.4	4.0
Deferred tax	**(1.3)**	(1.4)	(2.5)
Income tax charge reported in the consolidated income statement	**0.1**	1.9	2.0
The tax charge is analysed between:			
Tax on profit before special items	**1.8**	3.6	7.1
Tax on special items	**(1.6)**	(2.1)	(5.5)
Special tax items	**(0.1)**	0.4	0.4
Income tax charge reported in the consolidated income statement	**0.1**	1.9	2.0

Special tax items above are described further in note 3.

Factors affecting future tax charge

In October 2017, the European Commission (“EC”) opened a state aid investigation into Group Financing Exemptions in the UK controlled foreign company ("CFC") rules and concluded that some (but not all) of the UK exemptions constituted State Aid. The EC requires the UK to assess and recover the amount of state aid that each affected taxpayer had received.

The EC ruling has been appealed by HMRC and a number of taxpayers but in the meantime HMRC must proceed with the recovery of the State Aid. The EC ruling stated that for state aid to apply to the exemption, the majority of the significant people function (SPFs) would need to be performed in the UK. Consort considers there to be no UK SPFs in relation to the financing position and as such the exemptions claimed

Notes to the financial statements (continued)

5. Taxation (continued)

should not fall within the State Aid provisions. Therefore, no provision has been made against the benefit of the exemptions claimed. The maximum potential liability is approximately £1.0m.

6. Earnings per share

	Unaudited 1 May to 31 October 2019 £m	Unaudited 1 May to 31 October 2018 £m	Audited 1 May to 30 April 2019 £m
The calculation of earnings per ordinary share is based on the following:			
Earnings (basic and diluted)			
Profit for the period – attributable to ordinary shareholders	**1.1**	7.7	10.5
Add back: special items after taxation (note 3)	**5.6**	7.7	20.6
Adjusted earnings	**6.7**	15.4	31.1
Number of shares			
Weighted average number of ordinary shares in issue	**49,364,234**	49,308,142	49,336,016
Weighted average number of shares owned by Employee Share Ownership Trust	**(278,295)**	(291,900)	(290,695)
Weighted average number of ordinary shares for basic earnings	**49,085,939**	49,016,242	49,045,321
Dilutive impact of share options outstanding	**472,175**	337,729	402,356
Diluted weighted average number of ordinary shares	**49,558,114**	49,353,971	49,447,677

	Pence	Pence	Pence
Earnings per share			
Adjusted basic earnings per share	**13.7**	31.3	63.4
Unadjusted basic earnings per share	**2.3**	15.6	21.3
Adjusted diluted earnings per share	**13.5**	31.1	62.8
Unadjusted diluted earnings per share	**2.3**	15.5	21.2

7. Dividends

	Unaudited 1 May to 31 October 2019 £m	Unaudited 1 May to 31 October 2018 £m	Audited 1 May to 30 April 2019 £m
Final dividend for the year ended 30 April 2019 of 13.80p per share (2019: final dividend for 2018 of 13.56p per share)	**6.8**	6.7	6.7
Interim dividend paid in 2019: 7.60p per share	**-**	-	3.7
	6.8	6.7	10.4

The Board has not declared an interim dividend due to the terms of Recipharm's offer.

Notes to the financial statements (continued)

8. Capital expenditure

In the period there were additions to property, plant and equipment of £9.5m (H1 FY2019: £10.4m).

Capital commitments contracted for but not provided for by the Group amounted to £8.6m (H1 FY2019: £9.1m).

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 IFRS 9, Financial Instruments. Provisions have been included where there is a contractual obligation to settle in cash.

Financial assets	**Unaudited 31 October 2019 £m**	Unaudited 31 October 2018 £m	Audited 30 April 2019 £m
Cash and cash equivalents*	**14.8**	24.1	13.5
Trade receivables	**60.1**	49.3	53.6
Other receivables	**12.2**	14.4	12.8
Total loans and receivables *	**72.3**	63.7	66.4
Equity investments	**12.3**	11.6	11.6
Total fair value financial assets	**12.3**	11.6	11.6

Financial liabilities	**Unaudited 31 October 2019 £m**	Unaudited 31 October 2018 £m	Audited 30 April 2019 £m
Trade payables	**(42.6)**	(39.3)	(42.3)
Other creditors and accruals	**(29.6)**	(20.7)	(7.1)
Interest bearing loans and borrowings	**(128.3)**	(119.4)	(110.9)
Total amortised cost *	**(200.5)**	(179.4)	(160.4)
Currency exchange contracts	**(0.1)**	(0.1)	(0.2)
Total fair value financial liabilities	**(0.1)**	(0.1)	(0.2)

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

Interest bearing loans and borrowings have a contractual maturity date that is greater than 12 months from the balance sheet date. All other financial liabilities have a contractual maturity date that is less than 12 months from the balance sheet date. The equity investments are in Binx Health Limited and Oxular Limited, which are unquoted investments and therefore held at cost, less any provision for impairment which represents an appropriate fair value.

Interest bearing loans and borrowings includes a borrowing of £27.2m at 31 October 2019 (H1 FY2019: £26.8m) which has been designated as a hedge of the net investments in the subsidiaries in Germany and

Notes to the financial statements (continued)

9. Financial assets and liabilities (continued)

Italy, Aesica Pharmaceuticals GmbH and Aesica Pharmaceuticals Srl. This borrowing is being used to hedge the Group's exposure to the Euro exchange risk on these investments. Gains or losses on the retranslation of this borrowing are transferred to Other Comprehensive Income to offset any gains or losses on translation of the net investments in the subsidiaries.

Financial liabilities at fair value

	Unaudited 31 October 2019 £m	Unaudited 31 October 2018 £m	Audited 30 April 2019 £m
Level 2:			
Currency exchange contracts	**(0.1)**	(0.1)	(0.2)

10. Analysis of net debt

	Unaudited 31 October 2019 £m	Unaudited 31 October 2018 £m	Audited 30 April 2019 £m
Current assets:			
Cash and cash equivalents	**14.8**	24.1	13.5
	14.8	24.1	13.5
Group borrowings:			
Interest-bearing loans and borrowings	**(127.0)**	(119.4)	(110.9)
Net debt	**(112.2)**	(95.3)	(97.4)

The Group holds a £200m multicurrency revolving credit facility with an £80m accordion feature. The facility matures in October 2023, with options for two one-year extensions by mutual consent and is subject to covenant testing at certain reporting periods. The undrawn facilities are unsecured. The bank loans and overdrafts are subject to cross-guarantees between Group undertakings. Interest is charged at rates linked to LIBOR.

Notes to the financial statements (continued)

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

	Unaudited 1 May to 31 October 2019 £m	Unaudited 1 May to 31 October 2018 £m	Audited 1 May to 30 April 2018 £m
Net debt at the beginning of the period	**(97.4)**	(95.5)	(95.5)
Net (decrease) / increase in cash and borrowings	**(16.1)**	0.9	(2.0)
Effects of exchange rate changes	**-**	(0.3)	0.5
Amortisation of facility fees	**-**	(0.4)	(0.4)
Other non-cash movements	**1.3**	-	-
Net debt at the end of the period	**(112.2)**	(95.3)	(97.4)

12. Defined benefit pension scheme deficit

	Unaudited 1 May to 31 October 2019 £m	Unaudited 1 May to 31 October 2018 £m	Audited 1 May to 30 April 2019 £m
Pension deficit at start of the period	**19.2**	14.7	14.7
Past service cost	**-**	0.5	0.5
Current service cost	**-**	-	0.1
Interest income (note 4)	**(1.4)**	(1.4)	(3.0)
Interest cost (note 4)	**1.6**	1.6	3.3
Return on scheme assets excluding interest	**(4.7)**	(1.3)	(6.3)
Effect of demographic changes	**-**	2.3	1.2
Loss from changes in financial assumptions	**9.6**	0.9	11.6
Employer contributions	**(1.3)**	(1.2)	(2.7)
Foreign exchange	**0.1**	-	(0.2)
Pension deficit at end of the period	**23.1**	16.1	19.2

13. Related party transactions

The Group's significant related parties are its subsidiaries as disclosed on page 137 of the Consort Medical plc Annual Report for the year ended 30 April 2019, a copy of which is available on the Group's website www.consortmedical.com. During the period, the Group made sales to Binx Health Limited of £0.8m (H1 FY2019: £1.2m). Amounts due from Binx Health Limited at 31 October 2019 were £0.2m (30 April 2019: £0.1m).

Notes to the financial statements (continued)

14. Share capital

Share capital as at 31 October 2019 amounted to £4.9m (30 April 2019: £4.9m). During the period, the Group issued nil shares (H1 FY2019: 78,380 shares) as part of exercises under the Consort Savings Related Share Option Scheme.

The Group purchases its own shares using an Employee Share Ownership Trust (ESOT) to satisfy entitlements under the Group's Long Term Incentive Plan. During the period the Group purchased 38,535 shares at market value. The cost of the shares held by the ESOT is deducted from retained earnings. The ESOT is financed by a repayable-on-demand loan from the Company of £18.0m (30 April 2019: £17.7m). As at 31 October 2019, the ESOT held a total of 265,253 ordinary shares of 10p (30 April 2019: 289,055 shares) at a cost of £2.7m (30 April 2019: £3.1m) and market value of £2.0m (30 April 2018: £2.2m).

15. Principal risks and uncertainties

The principal risks and uncertainties which could impact the Group's long-term performance have not changed materially from those detailed on pages 27 to 29 of the Group's 2019 Annual Report & Accounts, a copy of which is available on the Group's website www.consortmedical.com. The risks are summarised below:

- Regulatory / Legal risk
- Reliance upon key customers / products
- Growth / Acquisition risk
- Significant operational incident or issue
- Product quality failure
- Human Resources / People
- Development risk
- Pension schemes
- Political / Socio-economic risk (Impact of Brexit)
- Financial risks including currency, liquidity, funding, interest rates
- IT / Cyber
- Corporate Social Responsibility
- Restructuring

The Board continues to monitor the risks and in particular, the impact of the UK's decision to leave the European Union and the uncertainty around the nature of the departure. As the UK prepares to leave the EU, the Board will continue to monitor and assess the impact, and continue to work with our customers and suppliers to ensure that our products reach those who need them.