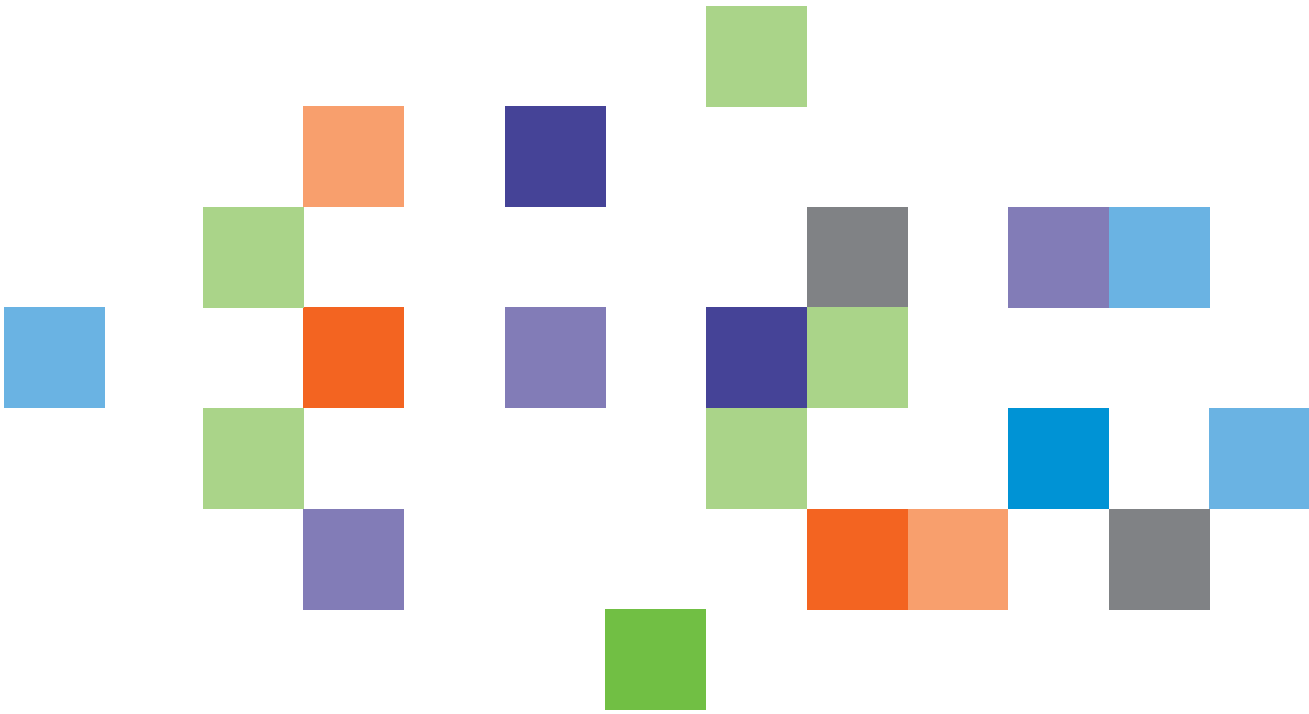
CLINIGEN
Group Plc

ANNUAL REPORT AND ACCOUNTS

2014

DELIVERING THE **RIGHT DRUG** TO THE **RIGHT PATIENT** AT THE **RIGHT TIME**



OUR MISSION IS SIMPLE:

DELIVERING THE RIGHT DRUG TO THE RIGHT PATIENT AT THE RIGHT TIME

The Clinigen Group is a fast-growing global specialty pharmaceuticals and services business with offices in the UK, US and Japan. We serve an extensive customer base of pharmaceutical companies, biotechnology companies and contract research organizations.

Our global supply and distribution network enables us to manage the supply of drugs in more than 75 countries, ensuring that patients have access to the treatment they need.

IN THIS REPORT:

FINANCIAL HIGHLIGHTS

- Like for like revenues* on a constant exchange rate basis up 7.5% on prior year. Reported revenues up by 3% to £126.6m (FY13: £122.6m).
- Gross margin improved in all three operating businesses, increasing to over 30% overall and delivering growth in excess of 17%.
- Underlying EBITDA** increased by 19.8% to £26.8m (FY13: £22.4m).
- Reported pre-tax profits up by 47% to £21.3m (FY13: £14.5m).
- Adjusted underlying earnings per share*** up 22% to 24.5 pence (FY13: 20.1 pence) and reported basic earnings per share up 30% to 19.6 pence (FY13: 15.1 pence).
- Cash generation continues to be strong. Net cash of £5.3m combined with the borrowing facility of £35.0m, provides opportunity for continued expansion.
- Final dividend of 2.1 pence per share proposed, bringing the total dividend to 3.1 pence per share (FY13: 2.6 pence per share), up 19.2%.

BUSINESS HIGHLIGHTS

Specialty Pharmaceuticals ("SP")

- Total number of products increased from three to five following the acquisition of two oncology support products: Savene in March 2014 and Ethyol in August 2014.
- Suspension of marketing authorization lifted for Vibativ and product launched September 2014.
- New indications and price increases applied to Foscavir.

Clinical Trials Supply ("CTS")

- Gross margins returned to 15.1%; deeper penetration of customer base with requests to supply and product sourced both up more than 30%.
- New exclusive supply agreement signed.

Global Access Programs ("GAP")

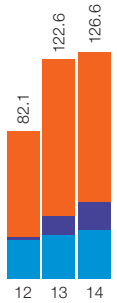
- 58,000 units of drugs shipped to more than 75 countries, an 87% increase, coming from both growth in existing programs and new programs.
- Cliniport launched and applied to all programs.

* Like for like sales represent revenues adjusted for Foscavir stock fill (£3.0m) in FY13.
** Underlying EBITDA is defined as earnings before interest, tax, depreciation and amortization excluding share based payments.
*** Underlying earnings exclude share based payments and are adjusted for amortization and associated tax.

Revenue (£m)

£126.6m

+3.3%



Gross profit (£m)

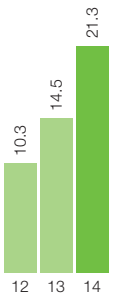
£41.2m

+17.3%

Reported pre-tax profits (£m)

£21.2m

+46.7%



Clinigen CTS Clinigen GAP Clinigen SP

For more information and the latest news, visit our new investor website at www.clinigengroup.com

CHAIRMAN'S STATEMENT

PETER ALLEN, NON-EXECUTIVE CHAIRMAN

HIGHLIGHTS

- All three operating businesses have contributed to a 47% increase in PBT.
- Two new products added to our SP portfolio bringing total to five.
- Dividend for year 3.1 pence, up 19%.

In our second year post IPO, I am pleased to report on another strong year of growth for Clinigen Group plc ('Clinigen' or the 'Group'), where we have added further products to our portfolio and delivered year-on-year profit growth.

The Group overall has performed very well; whilst top-line growth (£126.6m +3.3%) has been impacted by prior year activities, such as CTS lumpy sales and Foscavir stock fill, an improvement across the divisions in gross profit has combined with the impact of IPO costs in prior year to drive a 47% increase in profit before tax. Importantly, all three operating businesses have contributed to this growth.

We continue to make significant progress in pursuit of our strategic objectives, evidenced by our ability to continue to increase business in our services businesses, CTS delivered more clinical trial drug supplies for more clinical trials than prior year, up 45%, and GAP delivered a 54% increase in sales. We also continue to successfully acquire further niche hospital-only medicines that we believe we can revitalize. We have added two oncology support products with the acquisition of Savene and Ethyol, together with Cardioxane bringing this portfolio to three and with our two anti-infectives (Foscavir and Vibativ), the total portfolio to five. Clinigen's unique ability to distribute medicines globally to both licensed and unlicensed territories continues to resonate with our customers.

As discussed last year, we have a number of strategic imperatives, aimed at continuing to grow by extending our global footprint as well as our product and customer base. I believe you will see from further detail in this report, that besides adding the further products I have already mentioned, we have gone deeper with our existing key customers and added significant new customers. We still have many opportunities for organic growth and that remains a key focus. We will also continue to pursue further acquisitions, products that could add value to our SP portfolio and companies that would strengthen our global presence or broaden our service offering. In addition, the market dynamics remain strong with the trends affecting our business, although presenting challenges, looking positive.

"Clinigen's unique ability to distribute medicines to both licensed and unlicensed territories continues to resonate with our customers."

READ MORE ABOUT OUR YEAR IN THE OPERATIONAL REVIEW
SEE PAGES 14 TO 19

To support continued organic growth the Group continues to invest in its support infrastructure to ensure scalability of our model. During FY14, as well as strengthening our management and divisional teams, we have improved and extended our head office and US facilities, invested in our IT infrastructure by adding Cliniport, our bespoke online GAP customer support tool, and we are in the process of implementing a new Group-wide ERP system, which is expected to go-live in 2015.

Clinigen values corporate governance highly and the Board believes that effective corporate governance will assist in the delivery of our corporate strategy, the generation of shareholder value and the safeguarding of shareholders' long-term interests. We are committed therefore, as far as is reasonably practicable and appropriate to our size and stage of development, to ensure the Group is managed in accordance with the principles set out in the UK Corporate Governance Code.

The Directors have maintained a progressive dividend policy. Subject to approval at the AGM on 30 October 2014, the Board proposes to pay a final dividend of 2.1 pence per share. Together with the interim dividend of 1.0 pence per share paid in March, this makes a combined dividend for the year of 3.1 pence per share.

We would like to thank all our stakeholders – customers, suppliers, employees and shareholders – whose continued support has contributed to our success.

Peter Allen
Non-executive Chairman
23 September 2014

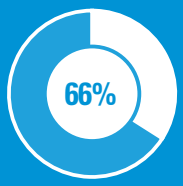
WHAT WE DO

DELIVERING THE RIGHT DRUG, TO THE RIGHT PATIENT AT THE RIGHT TIME

Clinigen's philosophy is total commitment to meeting the needs of the patient, this underpins every aspect of our work.

CLINIGEN
Clinical Trials Supply

Dedicated to providing commercial medicines solely for use in clinical trials, globally and across all therapeutic areas.



Revenue share

- Main revenue generator for the Group.
- Clinical trial comparator drugs market is estimated to be US $1.5-2.0 billion annually.
- Demand for products is predicted to become more specialized with increased demand for hard to source large molecule products and with supplier companies requiring greater expertise for handling, transportation, particularly cold chain.
- Underlying activity up 44% and medicines supplied up 28%.
- Source medicines using our secure, audited supply chain.

CLINIGEN
Global Access Programs

Bringing life-saving treatments to patients with high unmet medical need.

Revenue share

- 54% revenue growth.
- Expanding customer base.
- Shipments under Global Access Programs up 87% from 31,000 in FY13 to 58,000 in FY14.
- As with Clinigen CTS, aim to become the market leader through organic growth.
- Work closely with clients to launch and manage Global Access Programs.
- Offer 24 hour customer services specifically to meet emergency patient needs.

CLINIGEN
Specialty Pharmaceuticals

Acquires intellectual property for niche hospital-only medicine ensuring a secure supply chain worldwide.

Revenue share

- Vibativ suspension lifted and new antibiotic launched in EU.
- Two new products added to the portfolio, Savene and Ethyol.
- Product portfolio up to five, three in oncology support, two in infectious disease.
- Distribute own product globally to licensed and unlicensed markets, working closely with Clinigen GAP.
- Work with Key Opinion Leaders ("KOLs") to increase awareness of our products.
- Revitalize through new markets and new indications.

SMART SOURCING

We source commercial medical products for use in clinical studies, including comparator drugs, adjuvant and rescue therapies.

MEETING UNMET MEDICAL NEED

Providing critically ill patients access to unlicensed but potentially life saving treatments.

WE REVITALIZE

We acquire and in-license specialist, hospital-only medicines worldwide revitalizing and commercializing them within niche markets.

CLINICAL DEVELOPMENT PHASE

THROUGH CLINIGEN CTS

REGULATORY AND MARKETING LAUNCH PHASE

THROUGH CLINIGEN GAP

SUPPLY AND LATE STAGE PRODUCT WITHDRAWAL PHASE

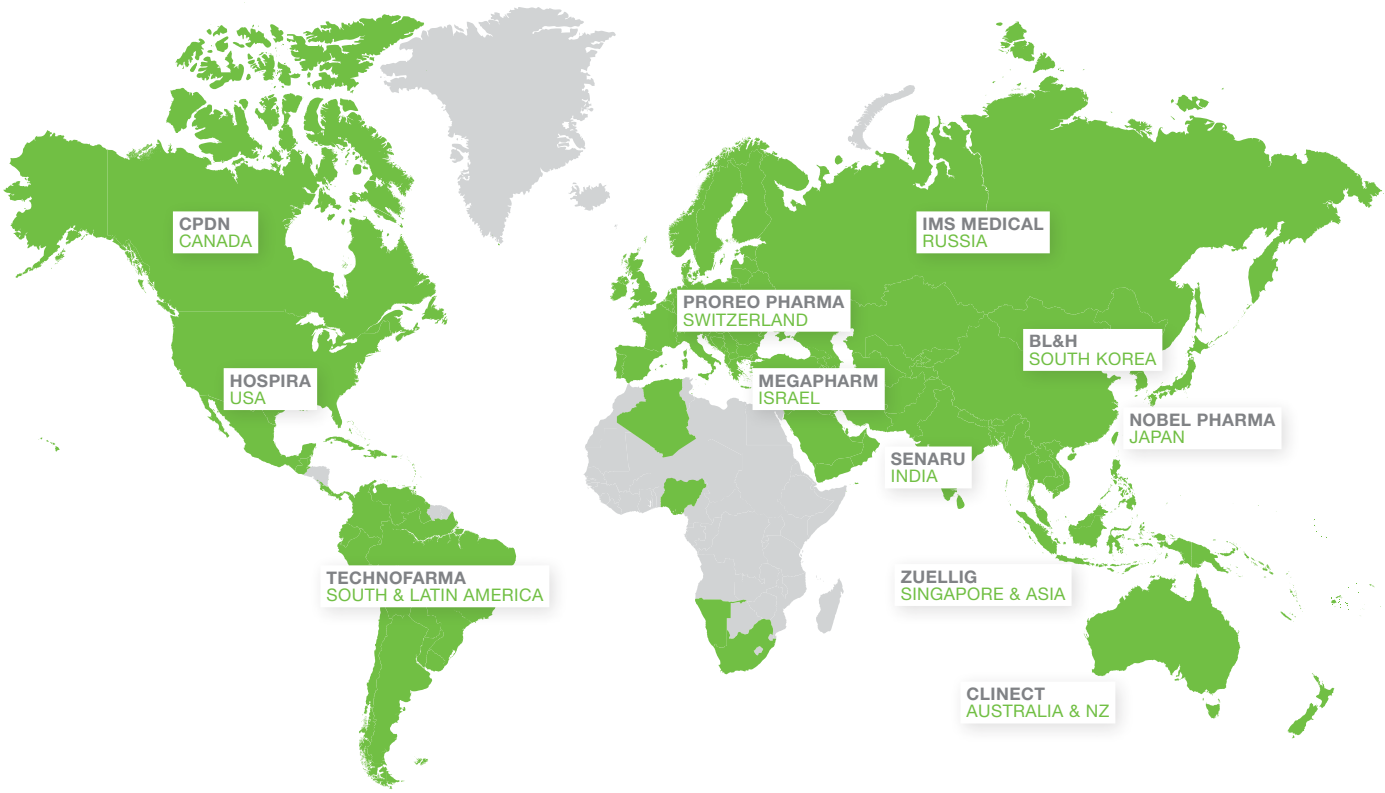
THROUGH CLINIGEN SP AND GAP

Our unique, synergistic business model works across all stages of the product lifecycle.

HOW WE DO IT

SERVING AN EXTENSIVE CUSTOMER BASE ACROSS A GLOBAL NETWORK

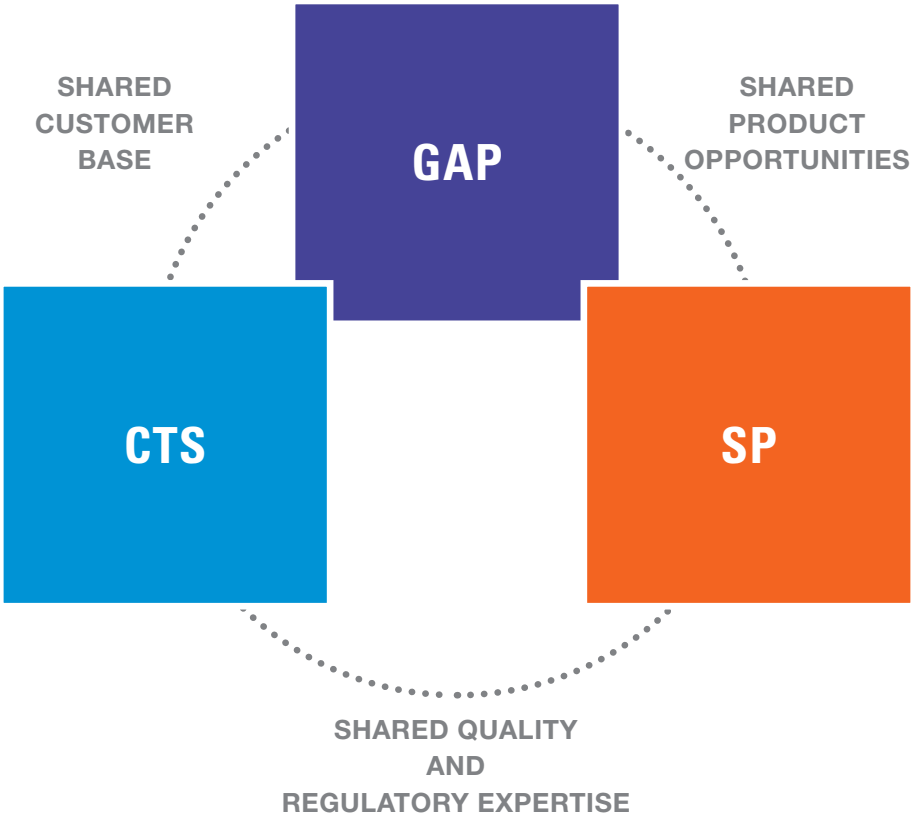
The Group is headquartered in the UK, with offices in the US and Japan, and partners across the world enabling the Group to deliver to over 75 countries worldwide. By taking advantage of our global capabilities and unique skill in delivering our medicines into both licensed and unlicensed territories, we aim to continue the organic growth strategy going forward.



5
PRODUCTS
in our portfolio

>75
COUNTRIES
in our distribution network

>850k
UNITS SHIPPED



Our strategy is to develop Clinigen CTS and Clinigen GAP into global leadership positions through new client growth, with further product acquisitions for Clinigen SP.

Clinigen CTS and Clinigen GAP benefit from Clinigen SP's experience of regulatory, pharmacovigilance and quality systems as a specialty pharmaceutical company.

Clinigen GAP provides patient access to comparator drugs following their clinical trial, they benefit from relationships in the clinical trial market gained by Clinigen CTS.

Clinigen SP uses the relationships and insights gained from late stage product withdrawals run by Clinigen GAP to identify potential candidates for acquisition.

CHIEF EXECUTIVE OFFICER'S STATEMENT

PETER GEORGE, CHIEF EXECUTIVE OFFICER

HIGHLIGHTS

- Two further product acquisitions, Savene and Ethyol, bringing the total number of products to five.
- Lifting of marketing authorization suspension achieved for Vibativ and product launched into EU.
- CTS margins improved to 15%.
- GAP activity up 87% with 58,000 units shipped to more than 75 countries.

Clinigen has once again exceeded expectation, particularly with regard to profit. Whilst overall sales growth was limited by CTS, where one-off prior year performance impacted FY14, both SP and GAP in particular demonstrated significant growth.

However, profit growth, both at gross profit (+17.3%) and PBT (+46.7%) was very strong. In addition we managed to further add to our product portfolio, bringing our number of products to five. I am also pleased that we have managed to further strengthen our management team, which will support us in continuing to achieve our strategic goals.

Our strategy

Clinigen's ambition remains clear: to become a recognized world-leading specialty pharmaceutical company, with an unrivalled global distribution capability for licensed and unlicensed medicines. To achieve this aim, the strategy is to maintain overall growth by developing both CTS and GAP into global leadership positions and SP through the revitalization of the products it has acquired and via further product or company acquisitions.

To date, good progress has been made in all three operating businesses. Both CTS and GAP remain on track to be the global leaders; a clear global number two position for CTS by sales has been confirmed in our recent market review and a further 50%+ growth in GAP continues to take us closer to our goal. In addition SP now has five products in its portfolio, well on its way to the ten we had targeted by the end of FY18.

As part of the overall strategy, two key strategic goals will be prioritized in FY15; the revitalization of the new products in our portfolio and the strengthening of the Group's global capabilities.

Firstly, Clinigen's dexrazoxane assets (Cardioxane and Savene) offer a great example of the type of efforts Clinigen is making to revitalize its assets. The development of a commercial plan to take advantage of both the unique position we hold with the dexrazoxane portfolio and the support for providing wider access to Cardioxane will be a key focus in FY15.

Clinigen is the only company to have the rights to both indications for dexrazoxane (cardioprotection and extravasation) and this puts us in a unique position. However, Cardioxane had a number of restrictions placed upon its usage subsequent to an EMA Article 31 referral in 2011, which led to a significant decrease in its usage when the 2010 contraindication for use in children and adolescents and to it no longer being indicated for use in adult patients with malignancies other than advanced or metastatic breast cancer as well as the dose ratio for dexrazoxane being halved.

We believe that a broader patient population would benefit from the protective and lifesaving properties of Cardioxane and that the evidence leading to these restrictions was flawed. This view is supported by the academic community where a number of global key opinion leaders have been active in the study of dexrazoxane use as a cardioprotectant in the paediatric population. Significant additional data has been generated in at least seven studies related to both safety and efficacy. We will highlight this data to the EMA during its Periodic Safety Update Report ("PSUR") and have requested to meet Agence Nationale de Sécurité du Médicament ("ANSM"), as France is the reference member state for Cardioxane. This is just the start of efforts to lift restrictions on Cardioxane's usage and therefore extending its benefits to the broader oncology population treated with anthracyclines.

Secondly, we believe that all three operating businesses will benefit from strengthening the Groups global footprint. Whether it is licensed and unlicensed product distribution or clinical trial sourcing and distribution greater global capabilities would be a benefit. This is true whether it be in developed markets like North America where we are developing stronger GAP partnerships and extending our office and warehousing capabilities or emerging markets where many of Clinigen's products are in demand and where unlicensed supply is growing as part of patient and disease management. A recent independent market review, commissioned by Clinigen, indicates that a significant proportion of the GAP market is "on-demand" unlicensed supply to patients in countries where the requested medicine is no longer or has never been licensed. This on-demand, "International Pharmacy" type, supply is particularly prevalent in emerging markets. It is clear to the Board that Clinigen needs to develop its services and capabilities to serve this demand globally, particularly with reference to the pharmerging markets.

READ MORE ABOUT OUR STRATEGY PRIORITIES AND OUTLOOK
SEE PAGE 10

OUR STRATEGY AND KPIs

OUR GROWTH STRATEGY IS PROVING SUCCESSFUL, WITH ALL OUR GOALS REMAINING ON TRACK

OUR STRATEGY

Our strategy is to develop CTS and GAP into global leadership positions through organic growth, with further product acquisitions for SP.

Strategic priority	What we have achieved this year	Our long-term goal
CLINIGEN CTS		
Grow business with current customers	18 customers over £1m in sales (17 in FY13), with five over £5m (two in FY13)	Keep key customers whilst reducing overall dependency on top 20
Target top 50 pharma, top 20 CROs/ repackers, virtuals and Biosimilars	Good new business with key CROs	Win key target customers over next three years
Develop US operations	Plans approved for new warehouse/office in The Navy Yard, Philadelphia	CY2015 move into new premises and develop US presence across all three divisions
Develop global & direct sourcing capabilities	All suppliers audited, added a further exclusive supply agreement	Expand developing market capabilities & exclusivity
CLINIGEN GAP		
Grow business with current customers	Added more multi-program customers in FY14	All customers are multi-program
Target top 50 pharma	Eisai, AstraZeneca & Boehringer Ingelheim added in 2014	Win more key target customers over next three years
Develop global footprint	Extended capabilities to more than 75 countries and US capabilities	Develop/acquire distribution & management capabilities in pharmerging markets
Develop value added services	Cliniport completed and launched FY14	Link Cliniport to ERP system, launch Clinigen Intelligence Database (CID) + additional data services
Increase awareness of Clinigen and drive thought leadership	Numerous publications and presentations at key events	To be recognized as the market leader by recognition of expertise and involvement in industry forums
CLINIGEN SP		
Acquire further products	FY14 added Savene, FY15 Ethyol added	Grow to ten products over next four years
Develop global footprint	Strengthened South American capabilities during FY14 through Cardioxane	Develop/acquire distribution & management capabilities in pharmerging markets
Develop current assets	Created dexrazoxane portfolio with acquisition of Savene and Cardioxane. Vibativ licence reinstated in EU, product manufactured	Develop dexrazoxane to take advantage of unique strategic position. Successful launch of Vibativ in Europe
CLINIGEN CENTRAL OPERATING PLATFORM		
Drive synergies across the business	Extended and integrated multi-lingual customer services. Significant synergies developing between GAP and SP	Extend shared distribution network and Cliniport. Continue to drive GAP & SP synergies

KEY PERFORMANCE INDICATORS

The Board utilizes a number of key performance indicators to enable a consistent method of analysing performance, in addition to allowing the Directors to benchmark performance against similar businesses and the Group's business plan.

The key performance indicators utilized by the Board can be split into key financial performance indicators and key non-financial performance indicators.

READ MORE ABOUT CLINIGEN CTS IN THE OPERATIONAL REVIEW
SEE PAGE 14

READ MORE ABOUT CLINIGEN GAP IN THE OPERATIONAL REVIEW
SEE PAGE 16

READ MORE ABOUT CLINIGEN SP IN THE OPERATIONAL REVIEW
SEE PAGE 18

The key financial performance indicators are:

Gross profit by operating business

Measures the profit achieved on sales after taking account of the direct costs incurred in bringing the goods to a saleable condition.

All the operating businesses show year on year growth in gross profit. Details can be seen in note 3.

Underlying EBITDA

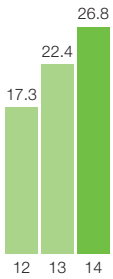
Measures the profit achieved on sales after taking account of the direct costs and overheads but before interest, depreciation, amortization and non-underlying costs.

The Group achieved an underlying EBITDA for the year of £26.8m representing a 19.8% increase on the prior year.

Underlying EBITDA (£m)

£26.8m

+19.8%



The key non-financial performance indicators are:

Acquisition of further products

Clinigen has an acquisition strategy in place. The Group has made one acquisition this year, Savene, and a further acquisition post year end, Ethyol, taking the number of products in its own portfolio to five. The senior management continues to explore acquisition opportunities.

To become the global leaders, by revenue, within the Clinical Trial Supply and Global Access Programs

54% sales growth in GAP keeps Clinigen on track for achieving its goal of being the global market leader in the provision of Global Access Programs. Although CTS has not shown revenue growth in the year, there have been significant wins of key new customers who will be important for the growth of the business. The recent change in senior management will also help drive this growth.

Expansion of customer base

As referred to in the Operational review, both Clinigen GAP and Clinigen CTS have expanded their customer base during the year.

Overall, the Directors are satisfied with the Group's progress against its key performance indicators for the year.

PRINCIPAL RISKS AND UNCERTAINTIES

The Board has overall responsibility for ensuring risk is appropriately managed across the Group.

The Group maintains a consolidated risk register which is reviewed and updated quarterly. The risks are rated as to their likelihood of occurring and potential impact and each risk is assigned to an appropriate individual and all mitigation and action plans are recorded. In addition the Group has completed a disaster recovery plan to ensure ongoing operations are maintained in all circumstances. Below are discussed the principal risks identified in 2014. These risks are not intended to be an extensive analysis of all risk that may arise in the ordinary course of business or otherwise.

Competitive threat

There are a number of service providers around the world who compete with our individual operational businesses. The potential for high value revenues in CTS attracts other service providers such as Clinical Research Organisations ("CROs") and repackers who can offer the sourcing of pharmaceuticals as additional services in competition with Clinigen.

Clinigen has recently completed comprehensive market reviews of the service sectors it supplies, including competitor analysis, in order to identify and implement strategy for risk management.

In addition there is the threat of generic competition or alternative treatments to Clinigen's products. Clinigen SP mitigates this risk by securing the supply chain as evidenced by Foscavir, where the supply for active pharmaceutical ingredients has been secured. Competitors and generic activity are continually monitored. The impact of the threat is mitigated through further acquisitions, are which limit the reliance on any one product.

Counterfeit product

Clinigen CTS sources product globally for supply into clinical trials; there is a risk that counterfeit products could be unknowingly acquired and supplied. To mitigate such risk Clinigen audits all suppliers and only sources from Clinigen-approved suppliers, completes annual training on counterfeit awareness for all relevant staff and inspects 100% of product upon receipt.

International trade: political risk and pharmaceutical regulations

As the Group expands its global footprint, the exposure to adverse political decisions increases, as experienced in Venezuela where we supply Cardioxane or, for example, in territories where there is a risk of compulsory government-imposed price reductions or limitations being enforced. Although, the adverse decisions may be out of our control we do all we can to mitigate the risk by looking for alternative distribution routes, continually monitoring the situation to ensure timely response once a change in circumstance is identified, and discussions with key people, wherever possible.

The Group's activities involve importing and exporting products across many international borders and most activities are covered by numerous pharmaceutical regulations. Any changes to these regulations might affect the Group's trading activities. To mitigate this risk the management closely monitors any changes to regulations and seeks to adapt its procedures wherever possible to ensure activities are not affected, whilst maintaining compliance. In addition the Group is regularly audited by customers and regulatory authorities to ensure it is compliant.

Foreign exchange

Foreign exchange risk arises because the Group sells to clients located in various parts of the world whose functional currency is not the same as the functional currency in which the Group operates.

The Group's net assets arising from such overseas revenues are exposed to currency risk resulting in gains or losses on retranslation into sterling. Foreign currency risk is managed at Group level in order to optimize the matching of currency surpluses generated to the foreign currency needs of the wider group. The Group operates bank accounts in its principal foreign currencies in order to maintain currencies and not expose payments and receipts to foreign currency spot rates.

Clinigen does not issue or use financial instruments of a speculative nature. Where required and possible, significant transactions are hedged.


Right Drug Righ

OPERATIONAL REVIEW

CLINIGEN CTS:
DEDICATED TO DELIVERING COMMERCIAL MEDICINES SOLELY FOR USE IN CLINICAL TRIALS

CLINIGEN CTS
CLINICAL TRIAL SUPPLY

Aiming to be the number one global supplier of medicines for clinical trials.

By the numbers:

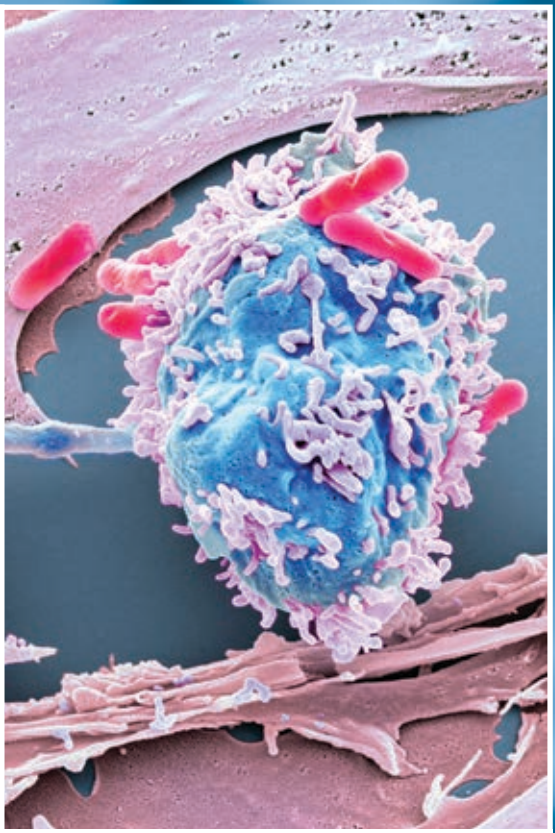
- 1,590 — Requests to supply clinical trials
- 741 — Different medicines
- 73 — Different customers

MINIMIZING RISK AND COST THROUGH CENTRAL SOURCING

Sourcing product for clinical sites can be complex, riddled with regulatory constraints and logistical hazards, and sourcing locally can bring a variety of problems, including price fluctuations and product shortages. Clients need a streamlined, cost-effective process while ensuring product integrity and quality systems are not compromised.

In late 2013, we were contacted by a US pharmaceutical company running two large, global oncology trials. They had originally planned to source product locally, but realized that prices would vary enormously between regions, while local drug shortages could pose a problem that might result in delays and money wasted. Knowing our reputation for unparalleled sourcing expertise, they asked us to help.

We worked directly with the product innovator to offer central sourcing that would supply drugs to be used in all countries for both global trials. We also became our client's central distribution hub, providing cold-chain storage of freshly manufactured bulk supplies and shipping to depots on demand, so that every country had the exact quantity needed at the right time. This included managing communications with all country depots; liaising with the relevant authorities when required; and preparing the documentation to ensure a smooth import process. This streamlined approach mitigated financial, regulatory and operational risks and allowed our client a hassle-free service at a much lower cost.



Cancer cells

Clinigen CTS remains the largest contributor to sales (66%); in FY14 it generated sales of £83.6m (FY13: £87.8m) and a gross profit of £12.6m (FY13: £11.4m).

Whilst the top-line reduced over prior year, this is explained by high one-off anti-viral sales in the prior year, which as previously explained were at very low margin. Consequently FY14 saw an improvement in gross margin, up 10.9% in real terms on prior year with a GM% of 15.1%. Even though the prior year anti-viral sales were with US customers, activity with US customers remained stable at £58m. Total customer numbers remained stable at 73 (FY13: 72) but, as evidenced by the improvement in GM, we were more selective with our customer group. Those customers generating over £1m in sales was up again to 18 (FY13: 17), with five over £5m, up from two in FY13. In total in FY14, Clinigen CTS had circa 1,600 requests (FY13: 1,100) to supply clinical trials, sourcing 741 medicines (FY13: 578) for 73 different customers. The top 20 customers account for 96% sales, but there is a wide variation year-on-year in customers' spends as highlighted in recent research from the Tuft's Centre and as evidenced by changes to our top 20 each year. For example only 13 of last year's top 20 remained in the top 20 for FY14. This explains the "lumpy" nature of CTS sales, which are driven by clinical trial demand and drug cost, which Tuft's identified varies in leading pharma companies between $10m and $120m in any given year. The drug sourcing mix in FY14 shows Comparators account for 84% of Clinigen's total business with co and rescue therapies accounting for the remaining 16%.

Clinigen CTS has made particular efforts to drive smarter sourcing of products for its customers. A further exclusive supply agreement with an international pharma company for an oncology product has been added to those with AstraZeneca and Accord. These exclusive supply agreements accounted for 7.5% of total supplies by value in FY14. Direct sourcing from the product manufacturer accounted for 38% of total supplies by value. Particular effort has been made to ensure the quality of supply through a strict supplier audit program and whilst we used 95 suppliers in total to deliver our global requirements, the top 20 suppliers accounted for 91% of total supplies by value.

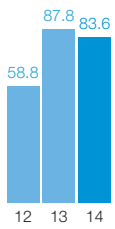
The market dynamics remain strong for the clinical trial comparator drugs market, it is estimated to be US$1.5-2.0 billion annually and it is predicted to grow at an estimated growth rate of 8% per annum by volume over the next two to three years. Specialist suppliers like Clinigen are gaining market share as it becomes more complex with increased demand for expensive, hard to source large molecule products. Higher priced branded comparator and co-therapy products are used in 90% of all studies, a figure that has remained unchanged since 2009. Stricter traceability and control through the supply chain, single approval for products in Europe and regulations to reduce the threat of counterfeiting are further favouring specialist suppliers. It is estimated that between 30% and 55% of purchased clinical trial drugs are leftover, unused or wasted, a figure that better planning or purchase through specialist suppliers, like Clinigen, would reduce significantly.

KEY FINANCIALS

Revenue (£m)

£83.6m

-4.8%



Gross profit (£m)

£12.6m

+10.5%

OPERATIONAL REVIEW CONTINUED

CLINIGEN GAP:
PROVIDING CRITICALLY ILL PATIENTS ACCESS TO UNLICENSED BUT POTENTIALLY LIFE SAVING TREATMENTS

CLINIGEN GAP
GLOBAL ACCESS PROGRAM

Clinigen GAP specializes in the consultancy, development, management and implementation of programs providing access for patients and their clinicians to drugs not available in their markets.

By the numbers:

58,000
Units shipped

75
Number of countries

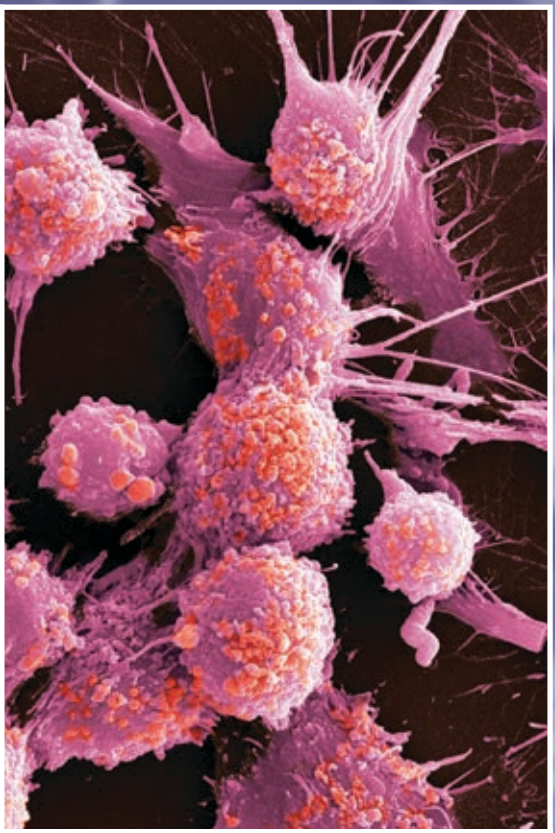
MANAGING EARLY ACCESS TO NEW TREATMENTS

When patients have exhausted every other treatment option, their physicians sometimes find that the best way to meet their needs is to prescribe medicines that are not yet approved or licensed. This is a form of Global Access Program called 'early access'.

In June 2012, we initiated a Global Access Program supplying an investigational medicine to prostate cancer patients. At the time, the product was not approved in any country, but during our program patients in the EU and Canada had access to it.

When European marketing authorization was granted in June 2013, the product became commercially available in EU member states. We managed the transition of patients from the access program to commercial supply, with some local health authorities allowing patients already in the program to continue until the end of their treatment rather than being converted to the commercial supply. While in other countries, we were required to end the Global Access Program as soon as commercialization was complete.

By June 2014, Clinigen had provided 2,941 patients in 21 countries with access to the drug. Throughout the program, we have been contacted by physicians thanking us for our assistance and "real engagement" and letting us know that their patients have benefited from inclusion in the program. Both Clinigen and the sponsor have also received thanks direct from patients.



Prostate cancer

Clinigen GAP once again demonstrated significant organic growth of 54% in sales and 39% in gross profit growth over prior year. In FY14, GAP had sales of £16.1m (FY13: £10.5m) and a gross profit of £5.4m (FY13: £3.9m).

The growth has been driven by more activity in existing programs as well as new programs, FY14 saw 58,000 units shipped, up by 87% on FY13 when 31,000 were shipped. A number of smaller programs have closed during FY14, but as can be seen from the activity these have not impacted the growth.

FY14 saw continued good activity from the large GAP programs; the largest in FY13 was Astellas' Enzalutimide early access program, this reduced during FY14 as it became licensed in the majority of markets, delivering less than half the units of the prior year. However, a new withdrawal program for Eisai's Fycompa more than compensated for this. Sanofi's Campath withdrawal program has now reached peak levels demonstrating more than two-fold growth in FY14. In addition BTG's extended access programs for Voraxase, DigiFab and Uridine Triacetate delivered 60% growth in FY14. We expect both the Campath and BTG programs to be long-term business.

There have also been good business wins which will start delivering sales in FY15 with new customers such as Boehringer Ingelheim, AstraZeneca, Taiho and Cubist.

Clinigen is one of a few specialist service providers in this new market running exclusive programs on a global basis. However, a recent independent market review, commissioned by Clinigen, indicates that a significant proportion of the market is "on-demand" unlicensed supply in markets where the requested medicine is no longer or has never been licensed. This could be categorized as "International Pharmacy" type supply, an area in which Clinigen is currently not active; this appears to be particularly prevalent in emerging markets. Our desire to develop our services in the pharmerging markets has led us to review and develop our future plans on these types of services.

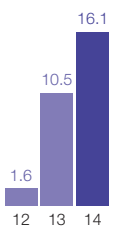
FY14 saw the launch of Cliniport, Clinigen's bespoke online management support tool for GAP customers which has been developed to support scalability in this business. During 2014 all active GAP programs have been migrated to Cliniport and during FY15 this will be further enhanced by linking the software to the new ERP system being implemented within the Group. Cliniport is also being developed as a tool for the CTS business.

KEY FINANCIALS

Revenue (£m)

£16.1m

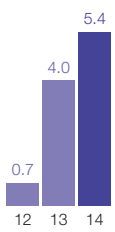
+53.3%



Gross profit (£m)

£5.4m

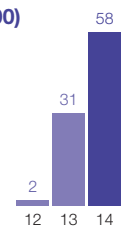
+38.4%



Units shipped ('000)

58

+87%



OPERATIONAL REVIEW CONTINUED

CLINIGEN SP:
FOCUSED ON ACQUIRING ITS OWN INTELLECTUAL PROPERTY, PARTICULARLY NICHE, HOSPITAL-ONLY MEDICINES AND REVITALIZING THEM

CLINIGEN SP
SPECIALITY PHARMACEUTICALS

SP focuses on acquiring and in-licensing specialist, hospital-only medicines worldwide revitalizing and commercializing them within niche markets.

Five products:

- 3 — Oncology support products
- 2 — Infectious disease products

VIBATIV, OUR FIRST LAUNCH PRODUCT

In March 2013, we in-licensed the first-in-class, bactericidal, once-daily, injectable antibiotic Vibativ (telavancin) from Theravance Inc., a product never launched in Europe and holding a suspended European marketing authorization.

Vibativ is licensed in Europe for the treatment of adults with nosocomial pneumonia (also known as hospital acquired pneumonia – "HAP"), including ventilator associated pneumonia ("VAP"), known or suspected to be caused by methicillin-resistant Staphylococcus aureus (MRSA) when other alternatives are not suitable. HAP caused by MRSA is a considerable unmet need, with 30–70% of patients who acquire it dying. It is recognized as a public health priority in the EU. As recently highlighted by the UK and other governments, the lack of new antibiotics coming to market is a cause for concern and few pharmaceutical companies are investing in this complex area.

The European Marketing Authorization for the drug was suspended due to stopped operations at the previous manufacturer. Clinigen worked closely with the European Medicines Agency authorities to have the suspension of the Marketing Authorization lifted; we have also contracted a new manufacturer and worked with them to ensure the product is available.

To bring Vibativ to market, Clinigen has focused its efforts on a number of key areas including but not limited to:

- extensive work with regulatory authorities;
- brand awareness and market development activities;
- key opinion leader engagement and advocacy development;
- development and production of national labelling and packaging;
- ongoing development of microbial susceptibility testing methods;
- pricing and reimbursement negotiations at national levels; and
- ongoing commitment to post-marketing clinical studies.

Vibativ was launched on 18 September 2014.

Clinigen SP's portfolio has recently been expanded to five products, currently focused on two therapeutic areas; anti-infectives (Foscavir & Vibativ) and oncology support (Cardioxane, Savene & Ethyol).

Whilst performance in FY13 was predominantly the result of sales of the anti-viral treatment Foscavir, FY14 saw contributions from three of the products. Vibativ and Ethyol did not contribute sales in FY14, they will start to contribute in FY15.

In FY14 SP had sales of £26.9m (FY13: £24.3m) and gross profit of £23.2m (FY13: £19.8m).

Foscavir

As expected, Foscavir sales are beginning to level off and grow at the rate of the underlying disease it treats. The best measure for Foscavir activity is "in-market sales" as it smooth's out the peaks caused by quarterly shipments to the US and Japan. FY14 saw direct in-market sales of Foscavir of circa 263,000 units, a like-for-like increase on prior year of 4.2%, which is in line with trends in stem cell transplantation. The average selling price increased by 3.3%, significant price increases in some markets were offset by exchange rate changes in others. The top seven European markets (Germany, Italy, UK, France, Spain, US and Japan) accounts for 87% of units supplied in FY14. In addition, Clinigen runs a Global Access Program for Foscavir to unlicensed markets where there is unmet patient need, this accounted for 6% of total volume, 10.3% of sales and supplied 18 markets in FY14.

As stated last year, the big opportunities for Foscavir growth have now been realized, however, in FY14 Clinigen did manage to secure significant price increases in two of its top seven markets as well as continuing to secure and protect the supply chain for Foscavir by bringing a second active ingredient manufacturer online. During FY15 Clinigen expects to license and distribute Foscavir in South Korea and further opportunities continue to be explored.

Cardioxane and Savene

The transfer of market authorizations for Cardioxane from Novartis remains on track to complete during Q1 CY15. The sales recorded in FY14 are largely the profit transfer from Novartis minus a distribution percentage. The larger markets, South Korea and Latin America have yet to transition. One key market, Venezuela, has been disrupted by political upheaval, this was the largest individual market in FY13 but we have been unable to ship product into this country for the past six months, we continue to monitor the situation in this market and look for solutions to supply. The underlying sales data shows total sales for FY14 of Cardioxane of c.US$10.4m, which is similar to the prior year reported by Novartis. However, lower than expected sales in Venezuela have been offset by stock fills following a fire in the warehouse of the main South American distributor and start-up supply for the Japanese license holder.

Savene sales were only recorded for the last two months and made a small impact, however the license transfers were completed for this product by the beginning of September and direct supply from Clinigen has commenced, we will see more of an impact on FY15 numbers.

Cardioxane is predominantly used for the prevention of chronic cumulative Cardiotoxicity caused by Doxorubicin or Epirubicin in adult breast cancer patients. It has had a number of restrictions placed upon its usage in other patient populations which has limited its sales in recent years. Clinigen believes that a broader patient population would benefit from the lifesaving properties of Cardioxane and this view seems to be supported by a number of global key opinion leaders and articles recently published. Therefore, during FY15 Clinigen will be working to lift certain restrictions on Cardioxane's usage and extend its benefits to the broader oncology population treated with anthracyclines. This together with Savene will form the broad basis of our Dexrazoxane growth strategy. Both Cardioxane and Savene have the same parent molecule, dexrazoxane. Clinigen, as the only company globally who has the rights to both indications, cardioprotection (Cardioxane) and extravasation (Savene), is in a unique position and during FY15 we will develop a clear commercial plan to take advantage of this position.

Vibativ

Vibativ, for the treatment of adults with hospital-acquired pneumonia, known or suspected to be caused by MRSA, is a medium to long-term growth product for Clinigen. It is patent-protected until 2026 in Europe and it is a market entry product as it has yet to be sold in Europe where Clinigen holds the rights. During FY14 Clinigen transferred the European Marketing Authorization and reactivated the EU license. As planned and promised last year, as of the middle of September, European product is now available for supply and we are running a launch program to raise awareness during Q2 FY15.

Peter George
Chief Executive Officer
23 September 2014

KEY FINANCIALS

Revenue (£m)

£26.9m

+10.7%

Gross profit (£m)

£23.2m

+17.1%

CHIEF FINANCIAL OFFICER'S STATEMENT

ROBIN SIBSON, CHIEF FINANCIAL OFFICER

HIGHLIGHTS

- Like-for-like revenues up 7.5%.
- Underlying EBITDA up 19.8% to £26.8m.
- Underlying earnings per share up 22% to 24.5 pence.
- Final dividend of 2.1 pence per share, total dividend of 3.1 pence.

Revenue

Clinigen revenues grew to £126.6m, an increase of 3% (FY13: £122.6m) and 5% at constant exchange rates. This is the result of strong organic growth in Clinigen GAP and the impact of product acquisitions in Clinigen SP. Growth in GAP and SP was partially offset by a reduction in Clinigen CTS revenues where prior year benefited from a small number of large anti-viral sales (£24m) at low margin; however CTS continued to increase its customer base and the strategy of selecting better quality business is being pursued.

Gross profit

Total gross profit increased by 17% to £41.2m (FY13: £35.1m), the result of significant growth in all three operating businesses with Clinigen GAP showing organic growth of 39%. Growth of 17% in Clinigen SP was driven by improved Foscavir margins, the full year impact of Cardioxane (acquired March 2013), and to a small extent by the recently acquired Savene. Clinigen CTS gross profit grew by 11%.

Administrative expenses

Underlying administration costs of £17.9m (FY13: £14.6m) grew by £3.3m as planned. The increase is accounted for primarily by a £1.6m increase in amortization and £0.8m one-off costs associated with newly acquired products. Excluding amortization and these one-off costs, administration costs grew by 6.6%. Total administration costs of £19.7m (FY13: £20.5m) include share based payment charges of £1.8m (FY13: £2.3m) and are below prior year as FY13 included IPO related costs of £4m.

Earnings before interest, tax, depreciation and amortization ("EBITDA")

Underlying EBITDA increased by 19.8% to £26.8m (FY13: £22.4m) and underlying pre-tax profit increased by 13% to £23.1m (FY13: £20.4m). Reported pre-tax profit of £21.3m is up 47% on the prior year, (FY13: £14.5m), the second year post IPO of growth in excess of 40%.

Taxation

The tax charge for the year of £5.1m is based on prevailing UK and US effective tax rates. This charge is calculated as £5.4m on underlying profits offset by a credit of £0.4m in respect of non-underlying costs. Tax payable is significantly better, at £3,7m, due to the utilization of losses brought forward arising from the exercise of equity-settled share options at IPO. A corporation tax refund in respect of FY12 of £3.5m was received in July 2014.

"Despite acquiring two new products in 2014, funds remain available for future acquisitions."

READ MORE ABOUT OUR PRINCIPAL RISKS AND UNCERTAINTIES
SEE PAGE 12

Earnings

Underlying earnings per share, adjusted to exclude amortization, grew by 22% to 24.5 pence (FY13: 20.1 pence). The reported earnings per share is 19.6 pence (FY13: 15.1 pence).

Dividend

The Directors have maintained a progressive dividend policy and expect interim and final dividend payments to be split one-third to two-thirds respectively. In view of trading performance this year the Directors are pleased to propose a final dividend of 2.1 pence per share, which when added to the interim dividend of 1.0 pence paid on 28 March 2014, will make a total dividend of 3.1 pence per share (2013: 2.6 pence).

The final dividend shall, subject to approval at the Company's AGM on 30 October 2014, be payable on 7 November 2014 to all shareholders on the register at 17 October 2014.

Cash flow

Net cash generation from operating activities continues to be strong at £20.3m, despite an increase in working capital requirement. This cash has provided the vast majority of funding for the acquisition of Savene and the final stage payment for Cardioxane (both in March 2014).

Cash and cash equivalents at 30 June 2014 of £21.8m (FY13: £11.3m) are partly offset by a short-term bank loan of £16.5m (FY13: £nil), giving net cash of £5.3m (FY13: £11.3m). Net cash combined with the £35m bank facility provides funding for future acquisitions.

The cash increase in the period of £10.5m is generated by cash from operations of £20.3m, proceeds from loan of £16.5m, offset by investment activities of £22.4m, dividends of £2.5m, tax and interest payments of £1.4m.

R A J Sibson
Chief Financial Officer
23 September 2014

BOARD OF DIRECTORS

Our experienced Board has a significant track record and a wealth of knowledge across the biotechnology pharmaceutical and healthcare sectors spanning private and publicly quoted companies.

The Board is committed to ensuring that Clinigen CTS and Clinigen GAP become the global market leaders in their sectors, and the Group is the owner of a high value portfolio of specialist hospital-only medicines.

Peter Allen
Non-executive Chairman
Peter joined Clinigen as Non-executive Chairman in August 2012. He has a wealth of experience on the Boards of both private and publicly owned companies, including Chairman, CEO and CFO positions.

He is currently Chairman of Future plc, Chroma Therapeutics Limited and Advanced Medical Solutions Group plc and a Non-executive Director of Oxford Nanopore Technologies Limited and Mecom Group plc.

Peter is Chairman of the Nomination Committee and a member of the Audit and Risk Committee and the Remuneration Committee.

Peter George
Chief Executive Officer
Peter joined Clinigen when it formed in June 2010 and has been at the forefront of the strategic decisions and resulting growth Clinigen has achieved.

Peter has an extensive range of experience, starting his career in the UK's National Health Service before utilizing and strengthening his experience in the pharmaceutical industry where he has held a number of senior international roles including executive VP for Wolters Kluwer Health, with responsibility for European and Asia Pacific regions, CEO at Penn Pharma Limited where he led a £67m management buy-out in 2007 and Chief Operating Officer for Unilabs Clinical Trials International Limited.

Robin Sibson
Chief Financial Officer
Robin has over 30 years' experience in the pharmaceutical industry, holding a number of senior, executive, finance roles for companies such as Abbott, Boots and BASF. He joined ADL Healthcare Limited, a forerunner of Clinigen, in 2003 and has provided a consistent, highly knowledgeable and skilled presence through the evolution of Clinigen.

Shaun Chilton
Chief Operating Officer
Shaun joined Clinigen in January 2012 and now holds responsibility for the Group achieving its key performance indicators on a day to day basis. He previously held the position of president within KnowledgePoint360 Group, a global pharmaceutical information and services operation.

Shaun has 20 years' experience in the industry across a range of disciplines, including commercial, strategic, operational and sales and marketing roles for companies such as Pfizer and Sanofi.

COMMITTEE MEMBERSHIP

- Audit and Risk Committee
- Remuneration Committee
- Nomination Committee

John Hartup
Non-executive Director
John joined Clinigen in May 2011. He has over 30 years' experience as a corporate lawyer dealing with corporate finance and commercial contract issues across a number of industries.

Formerly managing partner at Ricksons LLP and subsequently became a partner at DWF LLP.

John is also a Director of Wichtig Publishing Srl. and a non-executive director of Ellis Pharma Limited, and Creo Pharma Limited.

John is Chairman of the Audit and Risk Committee and a member of the Nomination Committee and the Remuneration Committee.

Ian Nicholson
Non-executive Director
Ian joined Clinigen as Non-Executive Director in September 2012. He has considerable experience as both an Executive Director and as a non-executive director and currently holds positions on the Boards of Symphogen AS, Consort Medical plc and Bioventix plc, where he is the Non-executive Chairman. Ian is also a member of the investment committee at Cancer Research UK Pioneer Fund, Chief Executive Officer of F2G Limited, Director of Casewell Consulting Limited and an Operating Partner at Advent Life Sciences LLP.

Ian is Chairman of the Remuneration Committee and a member of the Audit and Risk Committee and the Nomination Committee.

ADVISER AND INVESTOR CONTACTS

Country of incorporation
United Kingdom

Company number
06771928

Directors
P L George
R A J Sibson
S E Chilton
P Allen (Non-executive Chairman)
J Hartup (Non-executive)
I Nicholson (Non-executive)

Company Secretary and registered office
R A J Sibson
Pitcairn House
Crown Square
Centrum 100
Burton on Trent
Staffordshire DE14 2WW

Independent auditors
PricewaterhouseCoopers LLP
Cornwall Court
19 Cornwall Street
Birmingham B3 2DT

Nominated advisor
Numis Securities Limited
The London Stock Exchange Building
10 Paternoster Square
London EC4M 7LT

Joint brokers
Numis Securities Limited
The London Stock Exchange Building
10 Paternoster Square
London EC4M 7LT

Peel Hunt LLP
Moor House
120 London Wall
London EC2Y 5ET

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 30 JUNE 2014

The Directors present their report together with the Strategic report and the audited consolidated financial statements for the year ended 30 June 2014.

Clinigen Group plc is a public limited company, which is listed on the Alternative Investment Market and incorporated and domiciled in the UK.

Principal activities

Clinigen is a specialty global pharmaceutical group headquartered in the UK, with offices in the US and Japan. The parent company is a holding company for the Group, holding the intangible assets of the Group and providing management services for the other Group companies which undertake the Group's three operating businesses.

Clinigen Healthcare Limited has two operating businesses: Specialty Pharmaceuticals ("Clinigen SP") and Global Access Programs ("Clinigen GAP"). Clinigen SP focuses on acquiring and in-licensing specialist, hospital-only medicines worldwide, commercializing and revitalizing them within niche markets. Clinigen GAP specializes in the consultancy, development, management and implementation of global access programs for biotechnology and pharmaceutical companies.

Clinigen CTS Limited and Clinigen CTS Inc. jointly form the operating business Clinical Trials Supply ("Clinigen CTS"), which sources commercial medical products for use in clinical studies, including comparator drugs, adjuvant drugs and rescue therapies.

The three operating businesses work in synergy to attain our primary aim of supplying "the right drug to the right patient at the right time".

Business review and future developments

The business review is included within the Operational review and Financial review and can be found on pages 14 to 21.

Key performance indicators

The Group's key performance indicators are discussed in the Strategic report.

Financial instruments

The Group's operations expose it to a variety of financial risks that include credit risk, liquidity risk and foreign exchange risk. The Group has a risk management program that seeks to limit the adverse effects on the financial performance of the Group by monitoring levels of debt finance and related finance costs and managing foreign currency transactions. The Group has implemented policies that require appropriate credit checks before a sale is made. The Group hedges its exposure to foreign currency fluctuations by using bank accounts denominated in foreign currencies and forward contracts and managing currencies at Group level to reduce the impact of exchange rate movements.

Further detail is provided in note 20.

Creditor payment policy

It is the policy and normal practice of the Group to make payments due to suppliers in accordance with agreed terms and conditions, generally 30 days. Where suppliers offer early settlement discounts, these are taken advantage of. The policy will also be applied for FY15.

Dividend

As explained in the Chief Financial Officer's statement, the Directors propose a final dividend of 2.1 pence per share, subject to approval at the AGM on 30 October 2014. The dividend will be payable on 7 November 2014 to all shareholders on the register at 17 October 2014. Together with the interim dividend of 1.0 pence per share paid on 28 March 2014, this makes a combined dividend for the year of 3.1 pence per share (2013: 2.6 pence per share).

Events after the reporting date

Details of significant events since the balance sheet date are contained in note 29 to the financial statements.

Directors and appointment of Directors

The Directors who served during the year and up to the date of signing the financial statements were as follows:

P L George
R A J Sibson
S Chilton
P Allen (Non-executive Chairman)
J Hartup (Non-executive)
I Nicholson (Non-executive)

With regard to the appointment of Directors, the Company is governed by its Articles of Association, the Companies Act and related legislation. Directors are subject to re-election at intervals of not more than three years. I Nicholson, Non-executive Director and R Sibson, Chief Financial Officer, will be retiring by rotation and offering themselves for re-election at the AGM to be held on 30 October 2014.

Directors' interests

The interests of the Directors over the ordinary share capital of the Company are as follows:

	Number of shares at 30 June 2014	Number of shares at 1 July 2013
P L George	**5,557,242**	8,889,742
R A J Sibson	**2,480,515**	4,961,031
S Chilton	**303,800**	607,600
P Allen	**45,732**	45,732
J Hartup	**33,934**	33,934
I Nicholson	**10,000**	10,000
	8,431,223	14,548,039

There has been no change in the interests set out above between 30 June 2014 and 23 September 2014.

Directors' responsibilities statement

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, and the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether IFRSs as adopted by the European Union and applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Group and parent company financial statements respectively;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors consider that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess a company's performance, business model and strategy.

Each of the Directors, whose names and functions are listed in the Report of the Directors confirm that, to the best of their knowledge:

- the Group financial statements, which have been prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Group; and
- the Directors' report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces.

Directors' indemnities

The officers of the Company and its subsidiaries would be indemnified in respect of proceedings which might be brought by a third party. No cover is provided in respect of any fraudulent or dishonest actions.

Employees

The Group is committed to a policy of equal opportunities in the recruitment, engagement and retention of employees. The multi-lingual diversity of our team not only supports our global service offering but demonstrates our lack of barriers to employment. Employees are supported to undertake additional training, both internal and external, to develop their skills which are then often transferred across departments or enables their promotion.

Employees continued

Age, colour, gender, disability, ethnic origin, religious or political view is not seen as a barrier to employment and is evidenced by the Group's diverse employment base. The Group would support employees if they were to become disabled whilst employed by the Group, those employees would be retained where possible and training provided as required.

It is important we listen to our employees and understand their views on Clinigen as an employer and for the senior management as their colleagues. The Group operates a culture of open communication through a range of two-way mediums including: CEO coffee mornings; monthly employee representative staff forum; newsletter; and monthly Group update from the CEO and Chief Financial Officer. For the second year running, the Group conducted a global staff survey at the Annual Staff Conference.

The strategic objectives of the Group are communicated to the employees, who are encouraged to be a part of the Group's success through share ownership and the Group's employee share schemes.

Corporate, social and ethical policies

Clinigen recognizes the importance of balancing the interests of its customers, shareholders, employees, suppliers and the communities in which it operates. Management of the environmental and social issues that play a part in the business is a key factor in the Group's strategy for success and in the practice of good corporate governance. With this in mind the Group and its operating businesses audit all suppliers and manufacturers regularly to ensure they reach the standards set and respond to any improvement requests we make of them.

The Group aspires to carry out its business to the highest ethical standards, treating employees, suppliers and customers in a professional, courteous and honest manner. Ethical standards are included in our audit schedule when reviewing our suppliers and manufacturers to check the standards they follow meet those expected.

Clinigen participates in local community projects it feels are worthy and appropriate and encourages employees to get involved in local and national charitable events, as well as deciding where charitable donations are placed. For FY14, the Group has supported Foundation MEM, a charity focussing on developing a better life for a village in Cameroon which is very close to some of our employees as well as continuing to support The Anthony Nolan Trust, a charity very relevant to Foscavir, the first product acquired in 2010. To raise money for these charities, groups of employees have taken part in the London Marathon and the Three Peaks Challenge this year as well as hosting a Charity Golf Day and various other fundraising events.

The Group made no political donations during the year (FY13: £nil) and made charitable donations of £29k (FY13: £15k).

Investor relations

We believe it is important to have regular, open communication with existing and potential shareholders. In addition to the organized roadshows and AGM, we welcome all shareholder engagement. To widen our investor base, we have appointed an additional broker, Peel Hunt, which has become joint broker alongside Numis.

We also believe it is important for all employees to share in our success; through our share schemes, we encourage all employees to become shareholders.

Provision of information to the auditors

Each of the Directors at the time when this Report of the Directors is approved has confirmed that:

- so far as that Director is aware, there is no relevant audit information of which the Company's and the Group's auditors are unaware; and
- that Director has taken all the steps that ought to have been taken as a Director in order to be aware of any information needed by the Company and the Group's auditors in connection with preparing their report and to establish that the Company and the Group's auditors are aware of that information.

AGM notice

The notice convening the AGM to be held on 30 October 2014, together with an explanation of the resolutions to be proposed at the meeting, is contained in a separate circular to shareholders.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the forthcoming AGM.

This report was approved by the Board and signed by order of the Board:

R A J Sibson
Company Secretary
23 September 2014

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF CLINIGEN GROUP PLC

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the group's affairs as at 30 June 2014 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The group financial statements (the "financial statements"), which are prepared by Clinigen Group plc, comprise:

- the Consolidated statement of financial position as at 30 June 2014;
- the Consolidated statement of comprehensive income for the year then ended;
- the Consolidated statement of cash flows for the year then ended;
- the Consolidated statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the group's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual report and accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion, we have not received all the information and explanations we require for our audit. We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement set out on page 25, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other matter

We have reported separately on the company financial statements of Clinigen Group plc for the year ended 30 June 2014.

Andrew Hammond (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham
23 September 2014

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 Underlying £'000	2014 Non-underlying (note 6) £'000	2014 Total £'000	2013 Underlying £'000	2013 Non-underlying (note 6) £'000	2013 Total £'000
Revenue	3	**126,639**	**—**	**126,639**	122,580	—	122,580
Cost of sales		**(85,436)**	**—**	**(85,436)**	(87,457)	—	(87,457)
Gross profit	3	**41,203**	**—**	**41,203**	35,123	—	35,123
Administrative expenses		**(17,887)**	**(1,801)**	**(19,688)**	(14,614)	(5,909)	(20,523)
Profit/(loss) from operations	4	**23,316**	**(1,801)**	**21,515**	20,509	(5,909)	14,600
Finance income	7	**2**	**—**	**2**	7	—	7
Finance cost	8	**(234)**	**—**	**(234)**	(95)	—	(95)
Profit/(loss) before income tax		**23,084**	**(1,801)**	**21,283**	20,421	(5,909)	14,512
Income tax (expense)/credit	9	**(5,437)**	**367**	**(5,070)**	(5,158)	1,978	(3,180)
Profit/(loss) for the year attributable to owners of the parent		**17,647**	**(1,434)**	**16,213**	15,263	(3,931)	11,332
Other comprehensive income							
Items that may be reclassified to profit or loss:							
Exchange (losses)/gains arising in the year on translation of foreign operations		**(254)**	**—**	**(254)**	61	—	61
Total comprehensive income/(expense) attributable to owners of the parent		**17,393**	**(1,434)**	**15,959**	15,324	(3,931)	11,393
Earnings per share for profit attributable to the owners of the parent during the year	10						
Basic (p)				**19.6**			15.1
Diluted (p)				**19.0**			13.8

All amounts relate to continuing operations.

The Company has elected to take exemption under section 408 of the Companies Act 2006 not to present the Company Statement of Comprehensive Income.

The notes on pages 32 to 56 form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2014

	Note	2014 £'000	2013 £'000
Assets			
Non-current assets			
Property, plant and equipment	12	**968**	748
Intangible assets	13	**50,508**	38,893
Deferred tax assets	21	**1,956**	1,983
Total non-current assets		**53,432**	41,624
Current assets			
Inventories	15	**2,466**	3,151
Trade and other receivables	16	**23,644**	18,721
Corporation tax recoverable		**3,535**	3,932
Cash and cash equivalents	17	**21,787**	11,326
Total current assets		**51,432**	37,130
Total assets		**104,864**	78,754
Liabilities			
Current liabilities			
Trade and other payables	18	**19,502**	27,804
Loans and borrowings	19	**16,500**	—
Corporation tax liability		**2,555**	—
Total current liabilities		**38,557**	27,804
Net assets		**66,307**	50,950
Issued capital and reserves attributable to owners of the parent company			
Share capital	22	**83**	83
Share premium account	23	**8,660**	8,660
Merger reserve	23	**5,413**	5,413
Own shares	23	**(328)**	—
Foreign exchange reserve	23	**(145)**	109
Retained earnings	23	**52,624**	36,685
Total equity		**66,307**	50,950

The notes on pages 32 to 56 form an integral part of the consolidated financial statements.

The financial statements on pages 28 to 56 were approved and authorized for issue by the Board of Directors on 23 September 2014 and were signed on its behalf by

P L George
Director

R A J Sibson
Director

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 £'000	2013 £'000
Cash flows from operating activities			
Profit for the year before tax		**21,283**	14,512
Adjustments for:			
Depreciation of property, plant and equipment		**212**	130
Amortization of intangible fixed assets	8	**3,290**	1,746
Loss on disposal of property, plant and equipment		**18**	18
Currency gain on contract creditors		**(367)**	—
Interest receivable		**(2)**	(7)
Interest expense		**234**	95
Share based payment expense	13	**1,190**	2,323
		25,858	18,817
Increase in trade and other receivables		**(4,923)**	(4,157)
Decrease/(increase) in inventories		**685**	(359)
(Decrease)/increase in trade and other payables		**(1,278)**	6,235
Decrease in provisions		**—**	(912)
Cash generated from operations		**20,342**	19,624
Income taxes paid		**(1,067)**	(1,301)
Net cash generated from operating activities		**19,275**	18,323
Investing activities			
Purchases of property, plant and equipment		**(641)**	(467)
Purchase of intangible fixed assets		**(21,371)**	(18,272)
Purchase of own shares		**(340)**	—
Interest receivable		**2**	7
Net cash used in investing activities		**(22,350)**	(18,732)
Financing activities			
Proceeds from issue of shares		**—**	8,693
Proceeds from loan	10	**16,500**	—
Loan repayments		**—**	(1,626)
Interest paid		**(234)**	(95)
Dividends paid	7	**(2,476)**	(495)
Net cash generated from financing activities		**13,790**	6,477
Net increase in cash and cash equivalents		**10,715**	6,068
Cash and cash equivalents at beginning of year	9	**11,326**	5,197
Exchange gains		**(254)**	61
Cash and cash equivalents at end of year	9	**21,787**	11,326

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2014

	Share capital £'000	Share premium account £'000	Merger reserve £'000	Own shares £'000	Foreign exchange reserve £'000	Retained earnings £'000	Total equity £'000
At 1 July 2012	—	—	5,463	—	48	24,395	29,906
Profit for the year	—	—	—	—	—	11,332	11,332
Other comprehensive income	—	—	—	—	61	—	61
Total comprehensive income	—	—	—	—	61	11,332	11,393
Share based payment scheme	—	—	—	—	—	2,323	2,323
Deferred taxation on share based payment scheme	—	—	—	—	—	(8,945)	(8,945)
Tax credit in respect of tax losses arising on exercise of share options	—	—	—	—	—	8,075	8,075
Dividend paid (note 11)	—	—	—	—	—	(495)	(495)
Bonus issue of shares	50	—	(50)	—	—	—	—
Issue of new shares	33	10,221	—	—	—	—	10,254
Cost of new issue	—	(1,561)	—	—	—	—	(1,561)
At 30 June 2013 and 1 July 2013	83	8,660	5,413	—	109	36,685	50,950
Profit for the year	—	—	—	—	—	16,213	16,213
Other comprehensive income	—	—	—	—	(254)	—	(254)
Total comprehensive income	—	—	—	—	(254)	16,213	15,959
Share based payment scheme	—	—	—	—	—	1,190	1,190
Deferred taxation on share based payment scheme	—	—	—	—	—	405	405
Tax credit in respect of tax losses arising on exercise of share options	—	—	—	—	—	619	619
Dividend paid (note 11)	—	—	—	—	—	(2,476)	(2,476)
Own shares acquired in the year	—	—	—	(340)	—	—	(340)
Own shares distributed on exercise of share options	—	—	—	12	—	(12)	—
Total contributions by and distributions to owners of the parent, recognized directly in equity	**—**	**—**	**—**	**(328)**	**—**	**(274)**	**(602)**
At 30 June 2014	**83**	**8,660**	**5,413**	**(328)**	**(145)**	**52,624**	**66,307**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

1. Accounting policies

The principal accounting policies adopted by the Group and applied in the preparation of these consolidated financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The consolidated financial statements of Clinigen Group plc have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively "IFRSs") issued by the International Accounting Standards Board ("IASB") as adopted by the European Union ("adopted IFRSs") and with those parts of the Companies Act 2006 that are applicable to companies that prepare financial statements in accordance with IFRSs. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with adopted IFRS requires the use of certain critical accounting estimates. It also requires Group management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 2.

Going concern

The Group's strategy and forecasts, taking account of sensitivities within the trading projections and possible changes in trading performance, show that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group has further funds available in the undrawn proportion of the bank facility, which combined with the Group's cash balance and positive cash generation from each of its operations provides funding for future acquisitions in line with the Group's acquisitional growth strategy. The Group therefore continues to adopt the going concern basis in preparing its consolidated financial statements. Further information on the Group's borrowing facilities is given in note 19.

Presentation of financial statements in accordance with IAS 1 (as amended 2012)

The financial statements are presented in accordance with IAS 1 'Presentation of Financial Statements' (as amended 2012). The Group has elected to present the 'Statement of comprehensive income' in one statement.

Changes in accounting policies

(a) New and amended standards, interpretations and amendments adopted by the Group

The following IFRSs or IFRIC interpretations are effective for the first time for the financial year beginning on or after 1 July 2014 and have been adopted by the Group.

- IFRS 10 'Consolidated Financial Statements' builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements. Adoption of this standard had no impact on the financial statements.
- IFRS 11 'Joint Arrangements' provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed. Adoption of this standard had no impact on the financial statements.
- IFRS 13 'Fair Value Measurement' aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRS or US GAAP. Adoption of this standard had no impact on the financial statements.

1. Accounting policies continued

Changes in accounting policies continued

(b) New standards, interpretations and amendments not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 July 2014 and have not been applied in preparing these consolidated financial statements. None of these are expected to have a significant effect on the consolidated financial statements of the Group, except the following:

- IFRS 9 'Financial Instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortized cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The standard is effective for accounting periods beginning on or after 1 January 2015. The Group is yet to assess IFRS 9's full impact.

Basis of consolidation

The consolidated financial statements present the results of the Company and entitles where the Company has the ability to control the activities of and decisions made by that entity and to receive a variable return that can be affected by that control (the "Group") as if they formed a single entity. Intercompany transactions and balances between Group companies are therefore eliminated in full.

Foreign currency

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in sterling, being the currency of the primary economic environment in which the Company operates. This is the Group's presentation currency.

(b) Transactions and balances

Transactions entered into by Group entities in a currency other than the currency of the primary economic environment in which they operate (their "functional currency") are recorded at the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign currency monetary assets and liabilities are translated at the exchange rates prevailing at the reporting date. All foreign exchange gains and losses are presented in the consolidated statement of comprehensive income within administrative expenses.

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

a) assets and liabilities for each balance sheet presented are translated at the mid rate on the date of that balance sheet;

b) income and expenses for each income statement are translated at average exchange rates for the financial period; and

c) all resulting exchange differences are recognized in other comprehensive income and accumulated in the foreign exchange reserve.

On disposal of a foreign operation, the cumulative exchange differences recognized in the foreign exchange reserve relating to that operation up to the date of disposal would be transferred to the consolidated statement of comprehensive income as part of the profit or loss on disposal.

1. Accounting policies continued

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the Board of Directors.

The Board considers that the Group's activities constitute three operating segments, as defined under IFRS 8. Management reviews the performance of the Group by reference to the results of the operating segments against budget and the total results against budget.

Gross profit is the profit measure, as disclosed on the face of the consolidated statement of comprehensive income that is reviewed by the chief operating decision maker at the segmental reporting level. The performance measures used by management are prepared under UK GAAP whereas the figures in the Group financial information have been prepared in accordance with International Financial Reporting Standards ("IFRSs") and IFRIC Interpretations issued by the International Accounting Standards Board as adopted by the European Union.

Share based payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the consolidated statement of comprehensive income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the consolidated statement of comprehensive income over the remaining vesting period.

Non-underlying items

Non-underlying items are those significant items which the Directors consider are not related to the normal trading activities of the Group and are therefore separately disclosed to enable full understanding of the Group's financial performance. Share based payments are classified as non-underlying items due to their significance and in order to provide the reader of the consolidated financial statements with a consistent view of the underlying costs of the operating Group.

Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation. As well as the purchase price, cost includes directly attributable costs.

Depreciation is provided on all items of property, plant and equipment at rates calculated to write off the cost of each asset on a straight line basis over its expected useful economic lives, as follows:

- Leasehold improvements – 17%
- Plant and machinery – 20%
- Fixtures, fittings and equipment – 20% to 33% straight line

1. Accounting policies continued

Intangible assets

Goodwill

Goodwill represents the excess of the cost of a business combination over, in the case of business combinations completed prior to 1 July 2010, the Group's interest in the fair value of identifiable assets, liabilities and contingent liabilities acquired.

For business combinations completed after 1 July 2010, goodwill represents the excess of the cost of a business combination over the Group's interest in the fair value of identifiable assets, liabilities and contingent liabilities including those intangible assets identified under IFRS 3 'Business Combinations'.

Goodwill is capitalized as an intangible asset with any impairment in carrying value being charged to the consolidated statement of comprehensive income. Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is credited in full to the consolidated statement of comprehensive income on the acquisition date.

Goodwill is not amortized.

Trademarks and licences

Separately acquired trademarks and licences are initially recognized at cost, being the purchase price of the asset which comprises the purchase price and any directly attributable cost of preparing the asset for its intended use. Where licences have outstanding capital commitments at the time of acquisition, these are accrued for and capitalized as part of the purchase cost. The carrying value of trademarks and licences is calculated as cost less accumulated amortization. Amortization is calculated using the straight line method to allocate the cost of the trademarks and licences over their estimated useful lives of between seven and 15 years.

The amortization expense is recognized within administrative expenses in the consolidated statement of comprehensive income.

Computer software

Computer software purchased to improve the Group's ability to deliver its goods and services and is intended to be used over a number of years is capitalized and recognized at cost, being the purchase price of the asset and any directly attributable cost of preparing the asset for its intended use. No internal cost for time spent is capitalized as part of the asset. The carrying value of computer is calculated as cost less accumulated amortization. Amortization is calculated using the straight line method to allocate the cost of the computer software over their estimated useful lives of three to five years.

The amortization expense is recognized within administrative expenses in the consolidated statement of comprehensive income.

Impairment reviews

Impairment reviews are undertaken annually at the end of the financial year or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of individual intangible and tangible assets are compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. An impairment loss is recognized for the amount by which the asset's carrying value exceeds its recoverable amount.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the smallest Group of assets to which it belongs for which there are separately identifiable cash flows; its cash generating units ("CGUs"). Goodwill is allocated on initial recognition to each of the Group's CGUs that are expected to benefit from the synergies of the combination giving rise to the goodwill.

Non-financial assets, other than goodwill, that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

1. Accounting policies continued

Inventories

Inventories are initially recognized at cost and subsequently stated at the lower of cost and net realizable value. Cost is determined using first expiry, first out method. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price less applicable variable selling expenses. Provisions are made for slow moving and damaged inventories. Inventories which have expired are fully provided for until they are destroyed, when they are written off.

Financial assets

The Group does not have any financial assets which it would classify as fair value through profit or loss, available for sale or held to maturity. Therefore all financial assets are classed as loans and receivables as defined below.

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Group's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the consolidated statement of financial position. They are included in current assets, except for maturities greater than twelve months after the end of the reporting period, which are classed as non-current assets.

Trade receivables arise principally through the provision of goods and services to customers in the ordinary course of the business. They are recognized initially at fair value plus transaction costs that are directly attributable to their acquisition or issue and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

Cash and cash equivalents include cash in hand, deposits held at call with banks and other highly liquid cash investments.

Impairment provisions are recognized when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net; such provisions are recorded in a separate allowance account with the loss being recognized within administrative expenses in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Financial liabilities

The Group does not have any material financial liabilities that would be classified as fair value through the profit or loss. Therefore all financial liabilities are classified as other financial liabilities, as defined below.

Other financial liabilities

Other financial liabilities include the following items:

Borrowings are initially recognized at fair value. Such interest bearing liabilities are subsequently measured at amortized cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the consolidated statement of financial position. Facility fees paid on the establishment of facilities and for the maintenance of the facility are recognized as bank charges within administrative expenses.

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. They are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are initially recognized at fair value and subsequently carried at amortized cost using the effective interest method.

1. Accounting policies continued

Retirement benefits: defined contribution schemes

Contributions to defined contribution pension schemes are charged to the consolidated statement of comprehensive income in the year to which they relate. The Group has no further payment obligations once the contributions have been paid.

Leased assets

Rentals under operating leases are charged on a straight line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign and operating lease are similarly spread on a straight line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

Dividends

Dividends are recognized when they become legally payable. In the case of interim dividends to equity shareholders, this is when paid. In the case of final dividends, this is when approved by the shareholders.

Current and deferred tax

The tax expense for the year comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current tax charge, including UK corporation tax and foreign tax, is calculated on the basis of the laws that have been enacted or substantively enacted by the balance sheet date. Provisions are established, where appropriate, on the basis of amounts expected to be paid.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability in the consolidated statement of financial position differs from its tax base, except for differences arising on:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit; and
- investments in subsidiaries and jointly controlled entities where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the differences can be utilized.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the deferred tax liabilities or assets are settled or recovered, respectively.

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- the same taxable Group Company; or
- different Company entities which intend either to settle current tax assets and liabilities on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets and liabilities are expected to be settled or recovered.

1. Accounting policies continued

Share capital

Financial instruments issued by the Group are treated as equity only to the extent that they do not meet the definition of a financial liability. The Group's ordinary shares are classified as equity instruments.

Revenue

Revenue represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts, VAT and other sales-related taxes. The revenue recognition for the operational areas of the business is:

Supply of products and Clinical Trials Supply

Revenue from the supply of products is recognized when the Group has transferred the significant risks and rewards of ownership to the buyer and it is probable that the Group will receive the previously agreed upon payment. These criteria are considered to be met when the goods are delivered to the buyer. Revenue is recognized at the fair value of consideration received or receivable.

Global Access Programs

All services provided in relation to Global Access Programs are contractually agreed with the product originator, revenue for these services is recognized in the period when the services set out in the contract can be assessed as being fulfilled with reasonable certainty, they can be measured reliably and it is probable that the Group will receive any consideration. Revenue in respect of program management fees is recognized when goods, provided under the program, have been dispatched to the customer for which the management fee relates. Revenue is recognized at the fair value of consideration received or receivable.

Revenue in all years principally arises from the provision of goods and services. Further information is available in note 3, Segment information.

2. Critical accounting estimates and judgements

The Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 1. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the choice of a discount rate in order to calculate the present value of the cash flows. Actual outcomes may vary. More information including carrying values is included in note 13.

(b) Carrying value of intangible assets excluding goodwill

The carrying value of intangible assets is at cost less amortization and any impairment. Annual impairment trigger reviews are undertaken at the end of the financial year or more frequently if events or changes in circumstances indicate a potential impairment. Trademarks and licences are not traded in an active market hence the fair value of the asset is determined using discounted cash flows which involves the Group using judgement and assumptions.

2. Critical accounting estimates and judgements continued

(c) Share based payment charge

In relation to equity-settled share based remuneration schemes, employee services received, and the corresponding increase in equity, are measured by reference to the fair value of the equity instruments at the date of grant. The fair value of share options is estimated by using valuation models, such as Black-Scholes, on the date of grant based on certain assumptions.

(d) Deferred taxation

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilized. The future taxable profits are based on forecasts and thus actual may vary.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the deferred tax liabilities or assets are settled or recovered. A change in rate would change these calculations.

The deferred tax asset recognized on share options, not yet exercised, is calculated based on the market price of the shares at the end of the reporting period. The market price at the exercise date would be expected to be different, hence the actual asset recognizable at exercise is likely to differ to the one recognized at the reporting date.

3. Segment information

The Group has three main reportable segments, being the Group's operating businesses:

Clinical Trials Supply ("Clinigen CTS") sources commercial medical products for use in clinical studies, including comparator drugs, adjuvant drugs and rescue therapies. This operating business accounts for the largest proportion of the Group's revenue, generating 66% (2013: 71%) of its external revenues.

Specialty Pharmaceuticals ("Clinigen SP") manufactures and distributes its own and in-licensed specialist, hospital-only medicines worldwide and contributed 21% (2013: 20%) of the Group's external revenues.

Global Access Programs ("Clinigen GAP") specialises in the consultancy, development, management and implementation of global access programs for biotechnology and pharmaceutical companies. It is the smallest of the Group's three operating businesses contributing 13% (2013: 9%) of the Group's external revenues.

Factors that management used to identify the Group's reportable segments

The Group's reportable segments are strategic operating business units that provide different products and service offerings into different market environments. They are managed separately because each operational business focuses on a different product or service offering to a different customer group.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the Board of Directors including the Chief Executive Officer, Chief Operating Officer and the Chief Financial Officer.

Measurement of operating segment profit or loss, assets and liabilities

The accounting policies of the operating segments are the same as those described in note 1, Accounting policies.

The Group evaluates performance of the operational segments on the basis of gross profit or loss from operations.

3. Segment information continued

Classes of business

	2014 £'000	2013 £'000
Revenue arises from:		
Clinical Trials Supply	**83,622**	87,753
Specialty Pharmaceuticals	**26,874**	24,342
Global Access Programs	**16,143**	10,485
	126,639	122,580
Gross profit arises from:		
Clinical Trials Supply	**12,608**	11,367
Specialty Pharmaceuticals	**23,159**	19,847
Global Access Programs	**5,436**	3,909
	41,203	35,123
Administrative expenses relating to underlying operations	**(17,887)**	(14,614)
Administrative expenses relating to non-underlying operations	**—**	(3,098)
Share based payment expense	**(1,190)**	(2,323)
Social security costs in respect of share based payments	**(611)**	(488)
Finance income	**2**	7
Finance costs	**(234)**	(95)
Profit before tax	**21,283**	14,512

Geographical analysis

	2014 £'000	2013 £'000
Revenue arises from the following locations:		
UK	**19,744**	33,164
Germany	**11,824**	14,044
Republic of Ireland	**13,109**	3,487
Rest of Europe	**25,288**	11,978
USA	**51,606**	55,479
Japan	**1,566**	1,898
Rest of World	**3,502**	2,530
	126,639	122,580
Gross profit arises from the following locations:		
UK	**7,409**	3,915
Germany	**5,342**	5,821
Republic of Ireland	**2,597**	604
Rest of Europe	**6,952**	4,617
USA	**15,282**	17,305
Japan	**1,021**	1,222
Rest of World	**2,600**	1,639
	41,203	35,123
Analysis of concentration of customers (based on customers contributing at least 10% of revenue):		
Customer A – Clinical Trials Supply	**17,138**	27,600
Customer B – Clinical Trials Supply	**3,452**	16,132
Other	**106,049**	78,848
	126,639	122,580

4. Profit/(loss) from operations

Profit/(loss) from operations is stated after charging:

	2014 £'000	2013 £'000
Staff costs	**8,695**	10,758
Amortization of intangible fixed assets	**3,290**	1,746
Depreciation	**212**	130
Operating lease rentals – land and buildings	**264**	159
Difference on foreign exchange	**575**	(452)
Auditors' remuneration		
Fees payable to the Company's auditors for the audit of the parent company and consolidated financial statements	**67**	70
Fees payable to the Company's auditors for other services:		
– The audit of the Company's subsidiaries	**20**	22
– Tax advisory services	**69**	14
– Tax compliance services	**20**	19
– IPO related costs	**–**	260
– Other services	**12**	–

Included in staff costs are share based payments of £1,190k (2013: £2,323k).

5. Staff costs

	2014 £'000	2013 £'000
Staff costs (including Directors) comprise:		
Wages and salaries	**6,079**	6,784
Share based payments	**1,190**	2,323
Social security costs	**1,236**	1,475
Other pension costs	**190**	176
	8,695	10,758

Employee numbers

The average monthly number of staff employed by the Group during the financial year amounted to:

	2014 Number	2013 Number
Directors	**3**	2
Staff	**104**	85
	107	87

Directors' emoluments

	2014				2013			
	Salary/fees £'000	Bonus £'000	Benefit in kind £'000	Total £'000	Salary/fees £'000	Bonus £'000	Benefit in kind £'000	Total £'000
P L George	**351**	**239**	**2**	**592**	336	325	2	663
R A J Sibson	**190**	**156**	**2**	**348**	176	170	2	348
S Chilton	**178**	**248**	**2**	**428**	–	–	–	–
P Allen	**78**	**–**	**2**	**80**	69	–	–	69
J Hartup	**48**	**–**	**–**	**48**	42	–	–	42
I Nicholson	**47**	**–**	**–**	**47**	38	–	–	38

5. Staff costs continued

Directors' emoluments continued

The bonus disclosed for S E Chilton includes an accrual for current year bonus and prior year bonus paid during the year, less accrual. The bonus paid in respect of the prior year was higher than accrued due to a change in remuneration package.

There were three Directors (2013: two) who were members of the defined contribution pension scheme.

The amount payable to the highest paid Director in respect of emoluments was £592k (2013: £663k), pension contributions made on their behalf £34k (2013: £34k) and share based payments of £275k (2013: £826k).

No Directors (2013: three, including the highest paid Director) exercised share options in the year. The aggregate gain on the exercise of these share options was £nil (2013: £25,242,397).

Directors who held share options at 30 June were as follows:

	Plan	2014 Number	2013 Number
P L George	Clinigen Group Long Term Incentive Plan	825,556	825,556
S Chilton	Clinigen Group Long Term Incentive Plan	619,167	412,778
P Allen	Chairman's Option Agreement	91,464	91,464

P L George and R Sibson waived share options of 58,386 and 30,540, respectively, in the year.

All share options are over the Company's ordinary shares of 0.1 pence each.

Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group. These are considered to be the Executive Directors of Clinigen Group plc.

	2014 £'000	2013 £'000
Directors' remuneration included in staff costs:		
Wages and salaries	**1,362**	1,008
Defined contribution pension cost	**69**	50
Share based payment expense	**562**	1,172
	1,993	2,230

6. Non-underlying items

The non-underlying items relate to the following:

	2014 £'000	2013 £'000
Share based payment charge	**1,190**	2,323
Social security costs in respect of share based payments	**611**	488
PAYE and national insurance in respect of payments made to the Remuneration Trust	**—**	(383)
Non-equity IPO costs	**—**	3,481
Credit in respect of deferred tax	**(367)**	(1,978)
	1,434	3,931

Details of the share based payment charge of £1,190k (2013: £2,323k) are in note 26. Social security costs of £611k (2013: £488k) relates to amounts that are payable on the exercise of share options granted under unapproved share option plans.

Non-equity IPO costs of £nil (2013: £3,481k) are also disclosed as non-underlying administrative costs.

The deferred tax credit relates to the share based payment charge and related proportion of tax loss which will be created at exercise.

7. Finance income

	2014 £'000	2013 £'000
Interest income on short-term bank deposits	**2**	7
Total finance income	**2**	7

8. Finance cost

	2014 £'000	2013 £'000
Bank interest	**234**	95
Total finance cost	**234**	95

9. Income tax

	2014 £'000	2013 £'000
Current tax expense		
Current tax on profits of the year	**5,262**	4,705
Adjustment in respect of prior years	**37**	(679)
	5,299	4,026
Deferred tax expense		
Origination and reversal of temporary differences	**(229)**	(846)
Total tax expense	**5,070**	3,180

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the UK applied to profit for the year as follows:

	2014 £'000	2013 £'000
Profit before tax	**21,283**	14,512
Expected tax charge based on corporation tax rate of 22.5% (2013: 23.75%)	**4,789**	3,338
Depreciation in excess of capital allowances	**42**	30
Expenses not deductible for tax purposes other than goodwill amortization and impairment	**22**	346
Adjustments to tax charge in respect of prior years	**37**	(679)
Short-term timing differences	**260**	505
Higher rates of taxes on overseas earnings	**153**	4
Loss arising in year – recognized within deferred tax asset	**(4)**	344
Effect of change in rate in the year	**–**	138
Current tax expense	**5,299**	4,026

The standard rate of corporation tax in the UK changed from 23% to 21% with effect from 1 April 2014 following a previous reduction from 24% to 23% with effect from 1 April 2013.

In addition to the change above, legislation to reduce the main rate of corporation tax from 21% to 20% from 1 April 2015 was substantively enacted at the balance sheet date and so the deferred tax balance has been calculated at 20%.

10. Earnings per share ("EPS")

Profit	2014 £'000	2013 £'000
Profit used in calculating basic and diluted EPS	**16,213**	11,332

Number of shares	Number	Number
Weighted average number of shares for the purpose of basic EPS	**82,555,585**	74,814,829
Effect of:		
Employee share options	**2,654,055**	7,511,178
Weighted average number of shares for the purpose of diluted EPS	**85,209,640**	82,326,007

EPS	Pence	Pence
Basic	**19.6**	15.1
Diluted	**19.0**	13.8

EPS is calculated based on the share capital of Clinigen Group plc and the earnings of the combined Group.

Diluted EPS takes account of the weighted average number of outstanding share options being 2,654,055 (2013: 7,511,178). During the prior year, share options granted under the Enterprise Management Incentive Scheme exercised.

The adjusted EPS, based on the following earnings figure for the year and number of shares in issue of 82,555,585 is 24.5 pence (2013: 20.1 pence).

	2014 £'000	2013 £'000
Underlying profit after tax	**17,647**	15,263
Add back of amortization	**3,290**	1,746
Less tax associated with amortization	**(740)**	(415)
Adjusted underlying earnings	**20,197**	16,594

The adjusted diluted earnings per share based on the total number of shares in issue and granted under employee share option schemes at 30 June 2014 of 85,179,050 (2013: 84,825,546) is 20.7 pence (2013: 18.0 pence).

11. Dividends

	2014 £'000	2013 £'000
Final dividend in respect of the year ended 30 June 2013 of 2.0 pence (2013: nil pence) per ordinary share	**1,651**	—
Dividend waived	**(1)**	—
Interim dividend of 1.0 pence (2013: 0.6 pence) per ordinary share paid during the year	**826**	495
	2,476	495

The Board proposes to pay a final dividend of 2.1 pence per ordinary share, subject to approval at the AGM on 30 October 2014.

12. Property, plant and equipment

	Leasehold improvement £'000	Plant and machinery £'000	Fixtures, fittings and equipment £'000	Total £'000
Cost				
At 1 July 2012	5	5	477	487
Additions	3	32	432	467
Disposals	—	—	(29)	(29)
At 30 June 2013	8	37	880	925
Accumulated depreciation				
At 1 July 2012	5	2	48	55
Charge for the year	—	4	126	130
On disposals	—	—	(8)	(8)
At 30 June 2013	5	6	166	177
Net book value				
At 30 June 2013	3	31	714	748
At 30 June 2012	—	3	429	432
Cost				
At 1 July 2013	8	37	880	925
Reclassifications	—	—	(191)	(191)
Additions	563	—	78	641
Disposals	—	—	(29)	(29)
At 30 June 2014	**571**	**37**	**738**	**1,346**
Accumulated depreciation				
At 1 July 2013	5	6	166	177
Charge for the year	28	7	177	212
On disposals	—	—	(11)	(11)
At 30 June 2014	**33**	**13**	**332**	**378**
Net book value				
At 30 June 2014	**538**	**24**	**406**	**968**

13. Intangible assets

	Trademarks and licences £'000	Computer software £'000	Goodwill £'000	Total £'000
Cost				
At 1 July 2012	9,271	—	8,742	18,013
Additions	25,297	—	—	25,297
At 30 June 2013	34,568	—	8,742	43,310
Accumulated amortization				
At 1 July 2012	2,671	—	—	2,671
Charge for the year	1,746	—	—	1,746
At 30 June 2013	4,417	—	—	4,417
Net book value				
At 30 June 2013	30,151	—	8,742	38,893
At 30 June 2012 and 1 July 2012	6,600	—	8,742	15,342
Cost				
At 1 July 2013	34,568	—	8,742	43,310
Reclassifications	—	191	—	191
Additions	13,693	1,021	—	14,714
At 30 June 2014	**48,261**	**1,212**	**8,742**	**58,215**
Accumulated amortization				
At 1 July 2013	4,417	—	—	4,417
Charge for the year	3,232	58	—	3,290
At 30 June 2014	**7,649**	**58**	**—**	**7,707**
Net book value				
At 30 June 2014	**40,612**	**1,154**	**8,742**	**50,508**

The goodwill is deemed to have an indefinite useful life. It is currently carried at cost and is reviewed annually for impairment.

The goodwill relates to the Clinical Trials Supply CGU; for goodwill impairment testing the valuation has been prepared on a value in use basis. Value in use is calculated as the net present value of the projected risk-adjusted post-tax cash flows plus a terminal value of the CGU. A post-tax discount rate is applied to calculate the net present value of post-tax cash flows. The discount rate is based on the Group's weighted average cost of capital.

13. Intangible assets continued

Details relating to the discounted cash flow model used in the impairment tests are as follows:

Valuation basis	Value in use	
Key assumptions	Sales growth Profit margins	5% per annum 14%
Determination of assumptions	Growth rates are based on management estimates and forecasts based on internal and external market information. Margins are based on past experience and cost estimates. Discount rate is based on weighted average cost of capital, and is a pre-tax rate of 10%.	
Period of specific projected cash flow used in forward cash flow forecasts	Three years	
Discount rate	10%	
Terminal growth rate	0%	

If any one of the following changes were made to the above key assumptions, the carrying amount and recoverable amount would be equal.

Valuation basis	Value in use
Sales growth	A reduction from 5% to -12%
Gross profit margin	A reduction from 14% to 10%
Discount rate	Increase from 10% to 48%

Management do not consider any of the above sensitivities to be probable.

During the year the Group acquired the trademarks and licences of Savene, a new product for the Group's portfolio. The acquisition cost recognized is the purchase price plus the directly attributable costs incurred to date as a result of the acquisition. The Group has also capitalized costs incurred, during the year, in lifting the suspension of the Vibativ licence.

14. Subsidiaries

The principal subsidiaries of Clinigen Group plc at each reporting date have been included in these consolidated financial statements.

The principal subsidiaries at the end of the reporting year were as follows:

Name	Country of incorporation	Nature of business
Clinigen Healthcare Limited	United Kingdom	Sales and distribution of pharmaceutical products
Keats Healthcare Limited	United Kingdom	Dormant
Clinigen CTS Inc.	USA	Sales and distribution of pharmaceutical products
Clinigen Pharma Limited	United Kingdom	Dormant
Clinigen Clinical Trials Limited	United Kingdom	Holding company
Clinigen CTS Limited	United Kingdom	Sales and distribution of pharmaceutical products
Clinigen GAP Limited	United Kingdom	Dormant
Clinigen SP Limited	United Kingdom	Dormant

All shareholdings in subsidiaries are owned 100% (2013: 100%) through the subsidiaries' ordinary share capital. Clinigen Healthcare Limited, Clinigen Pharma Limited and Clinigen Clinical Trials Limited are owned by Clinigen Group plc.

The shares in Clinigen CTS Inc., Keats Healthcare Limited and Clinigen CTS Limited are held via Clinigen Group plc's holding in Clinigen Clinical Trials Limited.

The shares in Clinigen GAP Limited and Clinigen SP Limited are held via Clinigen Group plc's holding in Clinigen Healthcare Limited.

15. Inventories

	2014 £'000	2013 £'000
Raw materials and consumables	**914**	310
Work in progress	**340**	—
Finished goods and goods for resale	**1,212**	2,841
	2,466	3,151

Finished goods include an amount of £nil (2013: £nil) carried at fair value less costs to sell.

The cost of inventories recognized as an expense and included in cost of sales amounted to £83,480k (2013: £85,905k).

16. Trade and other receivables

	2014 £'000	2013 £'000
Trade receivables	**20,388**	11,118
Less: provision for impairment of trade receivables	**(237)**	(358)
Trade receivables – net	**20,151**	10,760
Prepayments and accrued income	**2,003**	1,234
Payments made on account	**1,004**	6,727
Other receivables	**486**	—
Total trade and other receivables	**23,644**	18,721

Due to the short-term nature of trade and other receivables and as the credit risk has been adjusted for through the provision for impairment of trade receivables, the book value approximates to their value. When assessing for impairment, the trade receivables are reviewed for age and due date. The past payment history with the customer is taken into account, where applicable.

The following table provides information on the movement in the provision for impairment in the year:

	£'000
At 1 July 2013	358
Released to the Consolidated income statement	(138)
Charged to the Consolidated income statement	17
	237

As at 30 June 2014 trade receivables of £8,862k (2013: £721k) were past due but not impaired.

They relate to the customers with no default history. The ageing analysis of these receivables is as follows:

	2014 £'000	2013 £'000
Up to three months	**7,591**	576
Three to six months	**1,271**	145
	8,862	721

17. Cash and cash equivalents

	2014 £'000	2013 £'000
Cash at bank and in hand	**21,787**	8,133
Short-term bank deposits	**—**	3,193
	21,787	11,326

Due to the short-term nature of cash at bank and short-term deposits, and as the credit risk has been adjusted for where required, the carrying value approximates to their value. The credit risk of the banks was very low and therefore the carrying amount has not been adjusted; RBS has a credit rating of 86 and JP Morgan has a credit rating of A+(100).

18. Trade and other payables

Current	2014 £'000	2013 £'000
Trade payables	**10,275**	6,249
Payments received on account	**2,326**	6,250
Tax and social security	**791**	188
Other payables	**53**	7,064
Accruals and deferred income	**6,057**	8,053
	19,502	27,804

Due to the short-term nature of trade and other payables, the fair value approximates to their value. Creditors are unsecured.

19. Loans and borrowings

The book value and fair value of loans and borrowings are as follows:

	2014 £'000	2013 £'000
Current liability		
Bank loan	**16,500**	—
Total loans and borrowings	**16,500**	—

The Group has a bank facility of £35.0m (2013: £20.0m). The loan is a revolving credit facility which is repayable within three months. Interest is payable on a tiered scale based on the level of borrowing. The bank loan is secured on the assets of the Group.

20. Financial instruments – risk management

The Group is exposed through its operations to the following financial risks:

- credit risk;
- foreign exchange risk; and
- liquidity risk.

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

Principal financial instruments

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- trade and other receivables;
- cash and cash equivalents;
- trade and other payables; and
- loans and borrowings.

The Group does not issue or use financial instruments of a speculative nature.

20. Financial instruments – risk management continued

Principal financial instruments continued

A summary of the financial instruments held by category is provided below:

	2014 £'000	2013 £'000
Loans and receivables		
Cash and cash equivalents	**21,787**	11,326
Trade and other receivables	**21,641**	17,487
Total financial assets	**43,428**	28,813
Financial liabilities measured at amortized cost		
Trade and other payables	**18,711**	27,616
Loans and borrowings	**16,500**	—
Total financial liabilities	**35,211**	27,616

General objectives, policies and processes

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Board receives monthly reports from the Chief Financial Officer through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set polices that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below:

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or a counterparty to a financial instrument fails to meet its contractual obligations. The Group is mainly exposed to credit risk from credit sales and payments made on account to suppliers. It is Group policy, implemented locally, to assess the credit risk of new customers, by obtaining credit ratings, before entering contracts or offering credit terms. The credit terms are then continually assessed on an individual basis, and amended accordingly, as a trading history is developed with the customer. Purchase limits are established for each customer, which represents the maximum open amount without requiring approval from the Group Finance Controller or Group Finance Director.

Quantitative disclosures of the credit risk exposure in relation to financial assets are set out below. Further disclosures regarding trade and other receivables at the end of the reporting period, which are past due but not impaired, are provided in note 16.

	2014 £'000	2013 £'000
Financial assets – maximum exposure		
Cash and cash equivalents	**21,787**	22,303
Trade and other receivables	**21,641**	17,487
Total financial assets	**43,428**	39,790

Foreign exchange risk

Foreign exchange risk arises because the Group has operations located in various parts of the world whose functional currency is not the same as the functional currency in which the Group companies are operating. The Group's overseas subsidiaries contribute approximately 19% (2013: 20%) to the Group's revenue, all of which is transacted in non-sterling currencies. The overseas subsidiaries operate separate bank accounts, which are used solely for that subsidiary, thus managing the currency in that country. When currency is to be repatriated to the UK, this is planned in order to minimize the exposure to foreign exchange rate fluctuations. The Group's net assets arising from such overseas operations are exposed to currency risk resulting in gains or losses on retranslation into sterling. Given the levels of materiality, the Group does not hedge its net investments in overseas operations as the cost of doing so is disproportionate to the exposure.

20. Financial instruments – risk management continued

General objectives, policies and processes continued

Foreign exchange risk continued

Foreign exchange risk also arises when individual Group entities enter into transactions denominated in a currency other than their functional currency where these transactions are significant to the Group. The Group hedges currency transactions internally through currency bank accounts, this limits the currency risk exposure and allows retranslation of these balances into sterling to be planned in order to minimize the exposure to foreign exchange rate fluctuations. The Group uses forward contracts on large contracts for supply of product within the Clinigen CTS operating business where the contract is not naturally hedged. This eliminates the risk to fluctuating foreign exchange rates and permits the management of that operating business to have visibility of gross profit margins.

At the reporting date the Group had entered into time option contracts with the bank for Swiss francs, US dollars, euros and sterling. These options all mature within six months of the reporting date, and have an immaterial fair value so have not been separately identified from trade and other payables.

Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due.

The Board receives annual twelve month cash flow projections based on working capital modelling as well as information regarding cash balances monthly. At the end of the financial year, these projections indicated that the Group expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances.

The following table sets out the contractual maturities (representing undiscounted contractual cash flows) of financial liabilities:

	Up to 3 months £'000	Between 3 and 12 months £'000
At 30 June 2014		
Trade and other payables	**18,711**	**–**
At 30 June 2013		
Trade and other payables	20,592	7,024
Total	20,592	7,024

More details in regard to the line items are included in the respective notes:

- Trade and other payables – note 18
- Loans and borrowings – note 19

Capital management

The Group monitors "adjusted capital" which comprises all components of equity (i.e. share capital, share premium account, merger reserve, foreign exchange reserve and retained earnings.

The Group's objectives when maintaining capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to ensure the Group has the cash available to develop the products and services provided by the Group in order to provide an adequate return to shareholders.

Pricing, sale and acquisition decisions are made by assessing the level of risk in relation to the expected return.

The Group sets the amount of capital it requires in proportion to risk. The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Net debt is calculated as total debt (as shown in the consolidated statement of financial position) less cash and cash equivalents.

21. Deferred tax assets

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 20% (2013: 23%). The reduction in the main rate of corporation tax to 20% for financial years starting after 1 April 2015 has been applied to deferred tax balances.

The movement on the deferred tax account is as shown below:

	2014 £'000	2013 £'000
Deferred tax assets – opening balance	**(1,983)**	(10,122)
Tax expense recognized in the statement of comprehensive income	**(229)**	(846)
Utilized in year in respect of losses offset against profit and loss charge based on effective tax rates	**1,253**	8,115
Adjustment in respect of prior years	**(753)**	—
Tax expense recognized in equity	**(411)**	870
Effect of change in rate in the year	**167**	—
Deferred tax assets– closing balance	**(1,956)**	(1,983)

The deferred tax balance is made up as follows:

	2014 £'000	2013 £'000
Losses	**(1,022)**	(1,684)
Share based payment scheme	**(934)**	(299)
	(1,956)	(1,983)

Deferred tax assets have been recognized in respect of temporary differences giving rise to deferred tax assets where the Directors believe it is probable that these assets will be recovered.

22. Share capital

	Number of shares ('000s)						
Authorized, issued and fully paid	'A' ordinary shares of 1p each	'A' ordinary shares of 0.1p each	'B' ordinary shares of 0.1p each	'C' ordinary shares of 0.1p each	'D' ordinary shares of 0.1p each	'F' ordinary shares of 0.1p each	Ordinary shares of 0.1p each
At 1 July 2012	16	—	—	—	—	—	—
Bonus issue of shares	4,992	—	—	—	—	—	—
Subdivision of shares	(5,008)	50,080	—	—	—	—	—
Placement on Alternative Investment Market – shares issued	—	—	—	—	—	—	6,098
Employee share option scheme – shares issued	—	—	9,557	5,352	3,823	4,779	2,867
Reclassification	—	(50,080)	(9,557)	(5,352)	(3,823)	(4,779)	73,591
At 30 June 2013	—	—	—	—	—	—	82,556
At 1 July 2013 and at 30 June 2014	**—**	**—**	**—**	**—**	**—**	**—**	**82,556**

	2014 £'000	2013 £'000
Ordinary shares of 0.1 pence each	**83**	83

On 20 August 2012, a special resolution was passed to issue a bonus issue of shares on the basis of 312 'A' ordinary shares of 1 pence each for every 'A' ordinary share of 1 pence each. The bonus issue of new shares was made fully paid at par by crediting the Company's merger reserve.

On 29 August 2012, the 'A' ordinary shares were subdivided into 50,080,000 'A' ordinary shares of 0.1 pence each.

22. Share capital continued

On 25 September 2012, the following new shares were issued:

Class of share	Number	Nominal value of issued share capital £'000
'B' ordinary shares of 0.1 pence each	9,557,252	10
'C' ordinary shares of 0.1 pence each	5,352,062	5
'D' ordinary shares of 0.1 pence each	3,822,901	4
'F' ordinary shares of 0.1 pence each	4,778,631	5
Ordinary shares of 0.1 pence each	8,964,739	9

Also, on 25 September 2012, all classes of ordinary shares were designated as ordinary shares of 0.1 pence each and as such all shares have the same rights.

23. Reserves

The following describes the nature and purpose of each reserve within equity:

Reserve	Description and purpose
Share premium account	Amount subscribed for share capital in excess of nominal value, except where recognition in merger reserve is used (see below).
Merger reserve	Amount subscribed for share capital in excess of nominal value when shares are issued in exchange for at least a 90% interest in the shares of another company.
Own shares	Acquisition price of shares purchased and held to satisfy share options on exercise.
Foreign exchange reserve	Gains/losses arising on retranslating the net assets of overseas operations into sterling.
Retained earnings	All other net gains and losses and transactions with owners (e.g. dividends) not recognized elsewhere.

Included within the retained earnings reserve as at 30 June 2014 is £2,237k (2013: £168k) which is not distributable.

During the year The Clinigen Group Employment Benefit Trust purchased 82,500 shares at market value.

24. Leases

Operating leases

The total future value of minimum lease payments is due as follows:

	2014 £'000	2013 £'000
Land and buildings:		
In one year or less	**331**	170
Between one and five years	**1,233**	238
In five years or more	**1,238**	105
	2,802	513

25. Post employment benefits

The Group operates a defined contribution pension scheme for the benefit of its employees. The assets of the scheme are held separately from those of the Group in an independently administered fund. Pension costs represent the contributions payable by the Group to the funds and amounted to £190,099 (2013: £175,583).

26. Share based payments

The Company operated the following schemes:

Plan	Tax authority status	Employees	Granting, vesting conditions and exercise of share options
Clinigen Group Limited Enterprise Management Incentive Share Option Scheme	HMRC approved	Senior management	An exercise event is triggered by either a sale of the Company's shares or assets, or a listing, or the exercise date of 30 June 2014 is reached. In the event of a withdrawal from listing or sale, the exercise event was deemed to have occurred.
Clinigen Group Unapproved Share Option Plan 2012	Unapproved	Senior management	Individual employed at occurrence of an exercise event; An exercise event is triggered by the earlier of a sale, transfer, assignment or disposition of the share capital of the Company giving rise to a change of control of the Company, or a listing, or the reclassification of shares in accordance with Article 21 of the Articles of Association; and within six months of the grant date, an AIM admission document or prospectus is approved for issue in connection with a listing and the corresponding placing price, if achieved, would result in the Company having an aggregate market capitalization immediately following such listing or admission equal to or in excess of £125m or within six months of the grant date, a sale would represent a net present value (at the time of completion) on the Company equal to or in excess of £125m.
Chairman's Option Agreement	Unapproved	Chairman	The option vests at the earliest of a change in control or 18 September 2015. If the Chairman ceases to be a Director of any Group Company, the option may be exercised for a period of twelve months from the date he ceases to be a Director.
Clinigen Group Long Term Incentive Plan	Unapproved	All employees	Performance condition based on growth in total shareholder return (TSR) over a three year period. Share options granted at IPO have a requirement of at least 25% growth. Other grants under the Scheme require Clinigen growth in TSR to be in excess of the FTSE Small Cap Index (excluding investment companies). If the individual leaves earlier than the earliest vesting date, they may, if certain conditions are met, be still entitled to a proportion of the shares.
Clinigen Group Sharesave Plan	HMRC approved	All employees	Options are exercisable at a price equal to the average opening price as published in the Financial Times on the date of invitation and the two dealing days preceding the date of invitation, less 20%. Three year vesting period. If options remain unexercised after a period of six months from the vesting date the options expire. If monthly contributions are not made for more than six months over the three year period, the options lapse.
Clinigen Group Company Share Option Plan	HMRC approved for UK employees Unapproved for US employees	All employees	Options granted to employees who have invested in the shares of the Company. Options are granted to match the shares acquired by the employee or those granted through the initial grant under the Sharesave or US Stock Purchase Plan. Three year vesting period. Options vest if employee still owns shares in three years or exercises their options under the Sharesave or US Stock Purchase Plan.
Clinigen Group US Stock Purchase Plan	US tax authority approved	All employees	Options are exercisable at a price equal to the average opening price as published in the Financial Times on the date of invitation and the two dealing days preceding the date of invitation, less 15%. Two year vesting period.
Clinigen Group Employee Share Scheme October 2013	Unapproved	All employees excluding Directors	Options vest if employee is still employed on 1 October 2014.

All options granted under the Enterprise Management Incentive Scheme and the Clinigen Group Unapproved Share Option Plan 2012 vested, and were exercised, during the year ended 30 June 2013.

26. Share based payments continued

Details of the share options outstanding during the year are as follows:

	2014		2013	
	Weighted average exercise price (p)	Number	Weighted average exercise price (p)	Number
Outstanding at start of year	**42.13**	**2,269,961**	2,661	8,256
Granted in the period prior to subdivision of shares	**—**	**—**	5,800	938
	42.13	**2,269,961**	2,981	9,194
Adjusted options to reflect bonus issue of shares and subdivision	**—**	**—**	0.95	28,777,220
Granted during year	**34.85**	**701,272**	35.65	2,682,739
Cancellation of shares during year	**—**	**—**	0.84	(1,201,920)
Forfeited during the year	**26.27**	**(342,076)**	—	(412,778)
Dilution on new share issue	**—**	**—**	0.95	(1,197,277)
Exercised during year	**—**	**(5,692)**	0.96	(26,378,023)
Outstanding at end of year	**42.35**	**2,623,465**	42.13	2,269,961

Of the total number of options outstanding at 30 June 2014, none had vested.

The weighted average share price (at the date of exercise) of options exercised during the period was 486 pence (2013: 164 pence).

The exercise price of options outstanding at 30 June 2014 ranged between £nil and £4.42 and their weighted average contractual life was two years eleven months. None of these were exercisable at 30 June 2014.

The weighted average fair value of each option granted during the year was 320.4 pence (2013: 54.7 pence).

The following information is relevant in the determination of the fair value of options granted during the period under the equity-settled share based remuneration schemes operated by the Group. The Black-Scholes pricing model is used for all schemes except for the Long Term Incentive Plan and the Chairman's Award, where a Stochastic valuation model is used.

	2014	2013
Option pricing model	**Black-Scholes**	Black-Scholes
Weighted average share price at grant date (pence)	**467.9**	289.3
Exercise price (pence)	**nil to 442**	1.9 to 298
Weighted average contractual life (in years)	**2.7**	3
Expected volatility (%)	**39 to 40**	40
Expected dividend yield (%)	**0.4 to 0.6**	0.6
Risk free interest rate (%)	**0.4 to 0.9**	0.4

Expected volatility was determined by calculating the historical volatility of the Company's share price over the period since the Company listed.

The share based remuneration expense comprises equity-settled schemes of £1,190k (2013: £2,323k).

The Group did not enter into any share based payment transactions with parties other than employees during the current or previous year.

27. Related party transactions

Ultimate controlling party

The Company's shares are listed on the Alternative Investment Market ("AIM") and are widely held. There is no one controlling party or group of related parties who have control of the Group.

Transactions with related parties

The remuneration payable to the Directors of the Company is disclosed in note 5.

During the year and the preceding year, the Group had the following transactions with related parties:

	2014 £'000	2013 £'000
ADL Healthcare Limited – a company of which A D Leaver is a director and shareholder		
– Paid sales commissions	–	176
– Paid management charges	–	242
– Loan interest charges	–	67

Sales commission and management services with ADL Healthcare Limited ceased on 25 September 2012 when Clinigen Group plc underwent an IPO and agreements with ADL Healthcare Limited were terminated. Loan interest was paid up to the final loan settlement on 31 December 2012 at which point it ended.

During the year The Clinigen Group Employment Benefit Trust purchased 82,500 shares at market value.

28. Contingent liabilities

The marketing authorization for Vibativ has commitments for post marketing authorization studies which current estimates predict to be in the region of £1.7m (2013: £2.4m).

29. Events after the reporting date

On 18 August 2014, Clinigen Group plc acquired the intellectual property for the product Ethyol. The assets acquired are the trademarks, marketing authorizations and associated inventory of £232k. The acquisition is in line with Clinigen's strategy as outlined in the Strategic report. Ethyol will contribute positively to the revenues and gross profits of the Group in FY15; however the Group will incur regulatory costs in the manufacturing technical transfer. The acquisition is being paid for in milestone based stage payments connected to the technical transfer.

Post-acquisition, the Group had net cash which, combined with the borrowing facility of £35m, provides cash reserves for future acquisitions.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF CLINIGEN GROUP PLC

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the company's affairs as at 30 June 2014;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The company financial statements (the "financial statements"), which are prepared by Clinigen Group plc, comprise:

- the Company balance sheet as at 30 June 2014; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual report and accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement set out on page 25, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other matter

We have reported separately on the group financial statements of Clinigen Group plc for the year ended 30 June 2014.

Andrew Hammond (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham
23 September 2014

COMPANY BALANCE SHEET

AS AT 30 JUNE 2014

	Note	2014 £'000	2014 £'000	Restated 2013 £'000	Restated 2013 £'000
Fixed assets					
Tangible fixed assets	3	**951**		557	
Intangible assets	4	**37,522**		24,875	
Investments	5	**9,141**		9,141	
			47,614		34,573
Current assets					
Debtors	6	**4,328**		8,252	
Deferred tax asset	8	**1,956**		887	
Cash at bank and in hand		**8,125**		960	
		14,409		10,099	
Creditors: amounts falling due within one year	7	**(19,840)**		(9,373)	
Net current (liabilities)/assets			**(5,431)**		726
Net assets			**42,183**		35,299
Capital and reserves					
Called up share capital	9		**83**		83
Share premium account	10		**14,073**		14,073
Profit and loss account	10		**28,027**		21,143
Total shareholders' funds	11		**42,183**		35,299

The financial statements on pages 28 to 56 were approved by the Board of Directors on 23 September 2014 and were signed on its behalf by:

P L George
Director

R A J Sibson
Director

NOTES TO THE COMPANY BALANCE SHEET

FOR THE YEAR ENDED 30 JUNE 2014

1. Accounting policies

The principal accounting policies adopted by the Company and applied in the preparation of these financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

These financial statements have been prepared on a going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

Cash flow statement

The Company has taken advantage of the exemption conferred by Financial Reporting Standard 1 'Cash Flow Statements (Revised 1996)' not to prepare a cash flow statement on the grounds that at least 90% of the voting rights in the Company are controlled within the Group headed by Clinigen Group plc and the Company is included in consolidated financial statements.

Going concern

The forecast trading activity and the financial position of the Company has been reviewed for a period of twelve months from the signing of the accounts and there are no going concern issues. The borrowings of the Company are secured against the assets of the Company and its subsidiaries.

Share based payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the profit and loss account over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the profit and loss account over the remaining vesting period.

On the exercise of share options the charges recognized during the vesting period are recharged to the subsidiary undertaking where the associated benefit generated by the employee is recognized.

Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation. As well as the purchase price, cost includes directly attributable costs.

Depreciation is provided on all items of property, plant and equipment at rates calculated to write off the cost of each asset on a straight line basis over its expected useful economic lives, as follows:

Leasehold improvements	– 17%
Plant and machinery	– 20%
Fixtures, fittings and equipment	– 20% to 33% straight line

1. Accounting policies continued

Intangible assets

Trademarks and licences

Separately acquired trademarks and licences are initially recognized at cost, being the purchase price of the asset which comprises the purchase price and any directly attributable cost of preparing the asset for its intended use. Where licences have outstanding capital commitments at the time of acquisition, these are accrued for and capitalised as part of the purchase cost. The carrying value of trademarks and licences is calculated as cost less accumulated amortization.

Amortization is calculated using the straight line method to allocate the cost of the trademarks and licences over their estimated useful lives of 15 years.

Impairment reviews

Impairment reviews are undertaken annually at the end of the financial year or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of trademarks and licences is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. An impairment loss is recognized for the amount by which the asset's carrying value exceeds its recoverable amount.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the smallest group of assets to which it belongs for which there are separately identifiable cash flows; its cash generating units ("CGUs").

Provisions

A provision is made when an obligation exists for a future liability relating to a past event and where it is probable there will be an outflow of economic benefit. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

Retirement benefits: defined contribution schemes

Contributions to defined contribution pension schemes are charged to the profit and loss account in the year to which they relate. The Company has no further payment obligations once the contributions have been paid.

Leased assets

Rentals under operating leases are charged on a straight line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign and operating lease are similarly spread on a straight line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

Dividends

Dividends are recognized when they become legally payable. In the case of interim dividends to equity shareholders, this is when paid. In the case of final dividends, this is when approved by the shareholders.

Current and deferred tax

The tax expense for the year comprises current and deferred tax. Tax is recognized in the profit and loss account, except to the extent that it relates to items recognized directly in equity. In which case, the tax is also recognized directly in equity.

The current tax charge, including UK corporation tax and foreign tax, is calculated on the basis of the laws that have been enacted or substantively enacted by the balance sheet date. Provisions are established, where appropriate, on the basis of amounts expected to be paid.

1. Accounting policies continued

Current and deferred tax continued

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability in the balance sheet differs from its tax base, except for differences arising on:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit; and
- investments in subsidiaries and jointly controlled entities where the Company is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the differences can be utilized.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the deferred tax liabilities or assets are settled or recovered, respectively.

Deferred tax assets and liabilities are offset when the Company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- the same taxable Group Company; or
- different Company entities which intend either to settle current tax assets and liabilities on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets and liabilities are expected to be settled or recovered.

Share capital

Financial instruments issued by the Company are treated as equity only to the extent that they do not meet the definition of a financial liability. The Company's ordinary shares are classified as equity instruments.

2. Staff costs

	2014 £'000	2013 £'000
Staff costs (including Directors) comprise:		
Wages and salaries	**3,386**	3,518
Share based payments	**1,190**	2,323
Defined contribution pension cost	**120**	97
Social security costs	**1,012**	1,593
	5,708	7,531

2. Staff costs continued

Employee numbers

The average monthly number of staff employed by the Company during the financial year amounted to:

	2014 Number	2013 Number
Directors	**3**	2
Staff	**57**	45
	60	47

Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. These are considered to be the Executive Directors.

	2014 £'000	2013 £'000
Directors' remuneration included in staff costs:		
Wages and salaries	**1,362**	1,008
Defined contribution pension cost	**69**	50
Share based payment expense	**562**	1,172
	1,993	2,230

There were three Directors (2013: two) who were members of the defined contribution pension scheme.

The amount payable to the highest paid Director in respect of emoluments was £592k (2013: £663k), pension contributions made on their behalf £34k (2013: £34k) and share based payments of £275k (2013: £826k).

No Directors (2013: three, including the highest paid Director) exercised share options in the year. The aggregate gain on the exercise of these share options was £nil (2013: £25,242,397).

Directors who held share options at 30 June were as follows:

	Plan	2014 Number	2013 Number
P L George	Clinigen Group Long Term Incentive Plan	**825,556**	825,556
S Chilton	Clinigen Group Long Term Incentive Plan	**619,167**	412,778
P Allen	Chairman's Option Agreement	**91,464**	91,464

P L George and R Sibson waived share options of 58,386 and 30,540, respectively, in the year.

All share options are over the Company's ordinary shares of 0.1 pence each.

3. Tangible fixed assets

	Leasehold improvement £'000	Plant and machinery £'000	Furniture, fittings and equipment £'000	Total £'000
Cost				
At 1 July 2013	8	37	689	734
Additions	563	—	60	623
Disposals	(1)	—	(29)	(30)
At 30 June 2014	**570**	**37**	**720**	**1,327**
Accumulated depreciation				
At 1 July 2013	5	6	166	177
Charge for the year	28	7	176	211
On disposals	(1)	—	(11)	(12)
At 30 June 2014	**32**	**13**	**331**	**376**
Net book value				
At 30 June 2014	**538**	**24**	**389**	**951**
At 30 June 2013	3	31	523	557

4. Intangible assets

	Trademarks and licences £'000	Computer software £'000	Total £'000
Cost			
At 1 July 2013	25,297	—	25,297
Additions	13,693	862	14,555
At 30 June 2014	**38,990**	**862**	**39,852**
Accumulated amortization			
At 1 July 2013	422	—	422
Charge for the year	1,908	—	1,908
At 30 June 2014	**2,330**	**—**	**2,330**
Net book value			
At 30 June 2014	**36,660**	**862**	**37,522**
At 30 June 2013	24,875	—	24,875

During the year the Company acquired the trademarks and licences of Savene and incurred costs on the reinstatement of the Marketing Authorization for Vibativ, which was suspended when the license was acquired. The acquisition cost recognized for Savene is the purchase price plus the directly attributable costs incurred to date as a result of the acquisition of the trademarks and licences.

The computer software is still under development; amortization will commence on completion.

NOTES TO THE COMPANY BALANCE SHEET CONTINUED

FOR THE YEAR ENDED 30 JUNE 2014

5. Investments

	Investments in subsidiary companies £'000
Cost or valuation	
At 1 July 2013 and 30 June 2014	**9,141**
Net book value	
At 30 June 2014	**9,141**
At 30 June 2013	9,141

Subsidiary undertakings

The principal subsidiaries of Clinigen Group plc at each reporting date are as follows:

Name	Country of incorporation	Nature of business
Clinigen Healthcare Limited	United Kingdom	Sales and distribution of pharmaceutical products
Clinigen CTS Limited	United Kingdom	Sales and distribution of pharmaceutical products
Clinigen CTS Inc.	USA	Sales and distribution of pharmaceutical products
Clinigen Pharma Limited	United Kingdom	Dormant
Clinigen Clinical Trials Limited	United Kingdom	Holding company
Keats Healthcare Limited	United Kingdom	Dormant
Clinigen GAP Limited	United Kingdom	Dormant
Clinigen SP Limited	United Kingdom	Dormant

All shareholdings in subsidiaries are owned 100% (2013: 100%) through the subsidiaries' ordinary share capital. Clinigen Healthcare Limited, Clinigen Pharma Limited and Clinigen Clinical Trials Limited are owned by Clinigen Group plc.

The shares in Clinigen CTS Inc., Keats Healthcare Limited and Clinigen CTS Limited are held via Clinigen Group plc's holding in Clinigen Clinical Trials Limited.

The shares in Clinigen GAP Limited and Clinigen SP Limited are held via Clinigen Group plc's holding in Clinigen Healthcare Limited.

The Directors have reviewed the carrying value of the investments and believe the value is recoverable.

6. Debtors

	2014 £'000	Restated 2013 £'000
Trade debtors	**177**	1,015
Amounts owed by Group undertakings	**3,501**	6,080
Other debtors	**256**	148
Corporation tax recoverable	**84**	427
Prepayments and accrued income	**310**	582
	4,328	8,252

The amounts owed by Group undertakings has been restated as at 30 June 2013 for the recharge of the share based payment charge recognized during the vesting period to the associated subsidiary undertaking employing the individual.

7. Creditors: amounts falling due within one year

	2014 £'000	2013 £'000
Bank loan	**16,500**	—
Trade creditors	**598**	163
Amounts owed to Group undertakings	**11**	—
Tax and social security	**791**	132
Other creditors	**44**	51
Accruals and deferred income	**1,896**	9,027
	19,840	9,373

The Company has a bank facility of £35.0m (2013: £20.0m). The loan is a revolving credit facility which is repayable within three months. Interest is payable on a tiered scale based on the level of borrowing.

Creditors, apart from the bank loan, are unsecured. The bank loan is secured on the assets of the Company and its subsidiaries.

8. Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using the effective tax rate of 20% (2013: 23%). The reduction in the main rate of corporation tax to 20% for financial years starting after 1 April 2015 has been applied to deferred tax. The movement on the deferred tax account is as shown below:

	2014 £'000	2013 £'000
Deferred tax (asset)/liability – opening balance	**(887)**	22
Recognized		
Adjustment in respect of prior years	**(977)**	(10,102)
Charge to the profit and loss account	**(229)**	673
Utilized in the year	**382**	84
Tax expense recognized in equity	**(412)**	8,423
Effect of change in rate in the year	**167**	13
Deferred tax (asset)/liability – closing balance	**(1,956)**	(887)

The deferred tax balance is made up as follows:

	2014 £'000	2013 £'000
Losses	**(1,022)**	(588)
Share based payment scheme	**(934)**	(299)
	(1,956)	(887)

9. Called up share capital

	2014 Number	2013 Number
Authorized		
Ordinary shares of 0.1 pence each	**82,555,585**	82,555,585
	£'000	£'000
Ordinary shares of 0.1 pence each	**83**	83
	Number	Number
Issued and fully paid		
Ordinary shares of 0.1 pence each	**82,555,585**	82,555,585
	£'000	£'000
Ordinary shares of 0.1 pence each	**83**	83

On 20 August 2012, a special resolution was passed to issue a bonus issue of shares on the basis of 312 'A' ordinary shares of 1 pence each for every 'A' ordinary share of 1 pence each. The bonus issue of new shares was made fully paid at par by crediting the Company's merger reserve.

On 29 August 2012, the 'A' ordinary shares were subdivided into 50,080,000 'A' ordinary shares of 0.1 pence each.

On 25 September 2012, the following new shares were issued:

Class of share	Number	Nominal value of issued share capital £'000
'B' ordinary shares of 0.1 pence each	9,557,252	10
'C' ordinary shares of 0.1 pence each	5,352,062	5
'D' ordinary shares of 0.1 pence each	3,822,901	4
'F' ordinary shares of 0.1 pence each	4,778,631	5
Ordinary shares of 0.1 pence each	8,964,739	9

Also, on 25 September 2012, all classes of ordinary shares were designated as ordinary shares of 0.1 pence each and as such all shares have the same rights.

10. Reserves

	Share capital £'000	Share premium account £'000	Restated Profit and loss account £'000
At 1 July 2013	83	14,073	21,143
Profit for the year	—	—	6,933
Dividend paid	—	—	(2,476)
Share based payment scheme	—	—	1,190
Own shares distributed on exercise of share options	—	—	(12)
Deferred taxation on share based payment scheme	—	—	405
Tax credit in respect of tax losses arising on exercise of share options	—	—	844
At 30 June 2014	**83**	**14,073**	**28,027**

Included within profit and loss account as at 30 June 2014 is £2,237k (2013: £1,729k) which is not distributable.

11. Reconciliation of movements in shareholders' funds

	2014 £'000	2013 £'000
Opening shareholders' funds	**35,299**	10,572
Profit for the year	**6,933**	12,540
Dividend paid	**(2,476)**	(495)
Share based payment scheme	**1,190**	2,323
Own shares distributed on exercise of share options	**(12)**	—
Deferred taxation on share based payment scheme	**405**	1,157
Tax credit in respect of tax losses arising on exercise of share options	**844**	509
Issue of new shares	**—**	10,254
Cost of issue of new shares	**—**	(1,561)
	42,183	35,299

The Company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own profit and loss account.

The profit for the year ended 30 June 2014 in the accounts of the Company was £6,933k (2013: £12,540k). This includes dividends received of £6,705k (2013: £13,000k).

12. Related party transactions

Ultimate controlling party

The Company's shares are listed on the Alternative Investment Market ("AIM") and are widely held. There is no one controlling party or group of related parties who have control of the Group.

Transactions with related parties

The remuneration payable to the Directors of the Company is disclosed in note 2.

During the year and the preceding year, the Group had the following transactions with related parties:

	2014 £'000	2013 £'000
ADL Healthcare Limited – a company of which A D Leaver is a director and shareholder		
– Paid sales commissions	–	176
– Paid management charges	–	242
– Loan interest charges	–	67

Sales commission and management services with ADL Healthcare Limited ceased on 25 September 2012 when Clinigen Group plc underwent an IPO and agreements with ADL Healthcare Limited were terminated. Loan interest was paid up to the final loan settlement on 31 December 2012 at which point it ended.

During the year The Clinigen Group Employment Benefit Trust purchased 82,500 shares at market value.

13. Contingent liabilities

The marketing authorization for Vibativ has commitments for post marketing authorization studies which current estimates predict to be in the region of £1.7m (2013: £2.4m).

14. Events after the reporting date

On 18 August 2014, Clinigen Group plc acquired the intellectual property for the product Ethyol. The assets acquired are the trademarks, marketing authorizations and associated inventory of £232k. The acquisition is in line with Clinigen's strategy as outlined in the Strategic report. Ethyol will contribute positively to the revenues and gross profits of the Group in FY15; however, the Group will incur regulatory costs in the manufacturing technical transfer. The acquisition is being paid for in milestone based stage payments connected to the technical transfer.

Post-acquisition, the Group had net cash which, combined with the borrowing facility of £35m, provides cash reserves for future acquisitions.

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