TRUSTED GLOBAL LEADER

CLINIGEN GROUP PLC

CLINIGEN GROUP PLC
Annual Report and Accounts 2017

CLINIGEN GROUP IS A TRUSTED GLOBAL LEADER IN THE PHARMACEUTICAL AND SERVICES INDUSTRY, WITH A UNIQUE COMBINATION OF BUSINESSES FOCUSED ON PROVIDING ACCESS TO MEDICINES.

OUR MISSION IS TO DELIVER THE RIGHT MEDICINE TO THE RIGHT PATIENT AT THE RIGHT TIME. OPERATING IN THREE AREAS OF GLOBAL MEDICINE ACCESS: CLINICAL TRIAL SERVICES, UNLICENSED MEDICINES AND COMMERCIAL MEDICINES.

LOCATIONS
11

COUNTRIES SUPPLIED
111

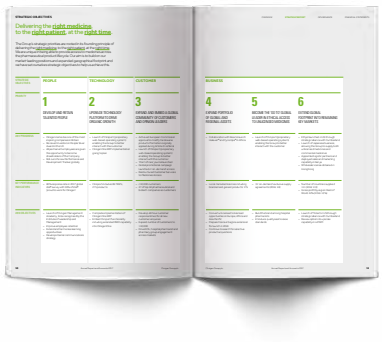
OPERATIONS
3

CLINICAL TRIAL SERVICES UNITS SHIPPED
473,000

UNLICENSED MEDICINES UNITS SHIPPED
956,000

COMMERCIAL MEDICINES UNITS SHIPPED
1,694,000

Contents



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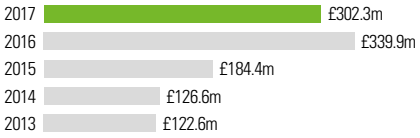
For more information visit our website
www.clinigengroup.com

A strong full year performance

- ADJUSTED GROSS PROFIT UP 22% – DRIVEN BY ORGANIC GROWTH, A FULL YEAR'S CONTRIBUTION FROM LINK HEALTHCARE ('LINK') AND CURRENCY BENEFITS
- ADJUSTED EPS UP 25% TO 41.8P (2016: 33.4P)
- REPORTED EPS OF 3.3P (2016: 11.9P)
- STRONG CASH FLOW PERFORMANCE WITH CASH GENERATED FROM OPERATIONS OF £54.7M (2016: £49.4M)
- NET DEBT SUBSTANTIALLY DECREASED BY £33.1M TO £35.0M (2016: £68.1M)
- FULL YEAR DIVIDEND INCREASED 25% TO 5.0P (2016: 4.0P)
- STRONG GROWTH ACROSS ALL OPERATIONS
- OUTSTANDING PERFORMANCE IN AFRICA AND ASIA PACIFIC
- DEXRAZOXANE PORTFOLIO REVITALISATION SIGNIFICANTLY ENHANCED BY EC APPROVAL TO UPDATE PRODUCT INFORMATION FOR CARDIOXANE, AND LAUNCH OF TOTECT IN US

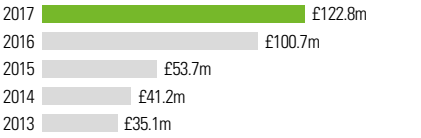
REVENUE (£M)

▽11%



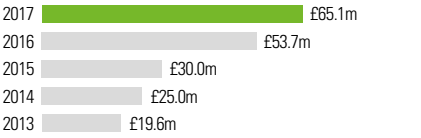
ADJUSTED GROSS PROFIT (£M)

△22%



ADJUSTED EBITDA (£M)

△21%

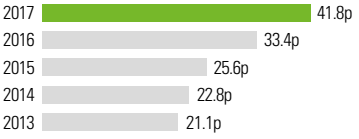


NET CASH/(DEBT) (£M)

▽49%

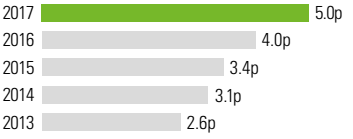
ADJUSTED BASIC EARNINGS PER SHARE (P)

△25%



DIVIDEND PER SHARE (P)

△25%



Adjusted results exclude amortisation and non-underlying costs. Adjusted EBITDA include the 50% share of the EBITDA from the joint venture in South Africa. Adjusted results are now shown after share-based payments and prior years have been restated accordingly. See note 3 of the financial statements for a reconciliation of adjusted gross profit, adjusted EBITDA and adjusted profit before tax to the IFRS reported comparative. See note 9 of the financial statements for a reconciliation of adjusted EPS to reported EPS.

Global reach and local knowledge

The Group has a complementary portfolio of businesses worldwide, enhancing our ability to provide access to medicines globally.

MAP KEY

- Clinigen Group operations
- Cumberland Pharmaceuticals (strategic alliance)

GROSS PROFIT BY OPERATION (£M)

Clinical Trial Services	**£23.3m**
Unlicensed Medicines	**£52.2m**
Commercial Medicines	**£47.3m**

GROSS PROFIT BY REGION (£M)

UK	**£23.5m**
Europe	**£42.0m**
USA	**£29.8m**
Rest of World	**£27.5m**

Trusted global leader

HOW ARE WE STRUCTURED?

Following the completion of the Link earn-out and subsequent closer integration of Link into the Group, the performance of the business is now reported as three synergistic operations; Clinical Trial Services ('CTS'), Unlicensed Medicines, and Commercial Medicines. This structure reflects how the Group operates in practice and will allow the Group to develop further our complementary portfolio of businesses worldwide, enhance our ability in providing access to medicines and capitalise on our market-leading positions and expanded geographical footprint.

CLINIGEN CLINICAL TRIAL SERVICES

Supply and management of quality assured comparator drugs and services to clinical trials.

£23.3m adjusted gross profit.

Read more on page 19

IDIS MANAGED ACCESS

Provides exclusive access to pre-licensed innovative medicines with high unmet medical need.

£28.4m adjusted gross profit.

Read more on page 20

IDIS GLOBAL ACCESS

'On-demand' access for hospital pharmacists to medicines which are unlicensed at their point of care.

£14.5m adjusted gross profit.

Read more on page 20

LINK HEALTHCARE

Local exclusive access to unlicensed, licensed or generic medicines in the Africa and Asia Pacific region.

£21.0m adjusted gross profit.

Read more on page 20

CLINIGEN SPECIALITY PHARMACEUTICALS

Acquires global rights and revitalises hospital-only and critical care medicines.

£35.6m adjusted gross profit.

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CLINICAL TRIAL SERVICES

19%
of Group gross profit

CTS is the global market leader in the specialist supply and management of quality-assured comparator medicines and services to clinical trials and Investigator Initiated Trials ('IITs').

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UNLICENSED MEDICINES

42%
of Group gross profit

Clinigen is the global market-leader in ethically sourcing and supplying unlicensed medicines to hospital pharmacists and physicians for patients with a high unmet medical need. The Group manages early access programmes to innovative new medicines and provides 'on-demand' access globally to medicines which remain unlicensed at the point of care.

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COMMERCIAL MEDICINES

39%
of Group gross profit

The Group acquires global rights to niche hospital-only and critical care products, revitalising these assets around the world and returning them back to sustained growth. The Group also provides access to licensed and branded generic medicines in the Africa and Asia Pacific region.

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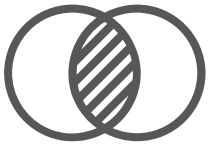
WHAT IS OUR INVESTMENT CASE?

In becoming the trusted global leader in access to medicines, the Group has consistently delivered healthy financial performances and returns. Below are the reasons to invest in Clinigen.

UNIQUE COMBINATION OF BUSINESSES



We offer access to medicines at all stages of the pharmaceutical product lifecycle, utilising operational synergies across the services and products divisions

GLOBAL CAPABILITY

We have built a global supply chain and distribution network, organically, through acquisitions and partnerships, providing local market knowledge supported by global expertise, suppling into over 100 countries

MARKET-LEADING POSITIONS

We are the market-leader in CTS and Unlicensed Medicines

UNPARALLELED KNOWLEDGE AND EXPERTISE

We are experts in the supply and distribution of unlicensed medicines

EXPERIENCED MANAGEMENT TEAM

We have an experienced and diverse Group and regional management, with a track record of delivering strong growth every year since inception

SIGNIFICANT LONG-TERM GROWTH POTENTIAL

The business can grow both through organic growth, with an increasing exposure to emerging pharmaceutical growth markets and through acquisition

TRUSTED ETHICAL SUPPLIER

We have deep well-established relationships with pharmaceutical companies and pharmacists

HIGHLY CASH GENERATIVE

We generate strong cash returns which are underpinned by strong credit control and working capital management

WHAT ARE OUR BUSINESS SYNERGIES?

Clinigen has a unique combination of businesses providing access to medicines across clinical trials, unlicensed and commercial/licensed medicines – the key stages of a pharmaceutical product's lifecycle.

- Integrated e-commerce system and centralised Medicines Access department is scalable, efficient and cost-effective.
- Superior regulatory, pharmacovigilance and quality management knowledge required in Commercial Medicines operation provides competitive advantage in CTS and Unlicensed Medicines operations.
- Unparalleled knowledge of the complex global supply chain environment for both licensed and unlicensed products provides strong distribution capabilities and synergies.
- Broad and embedded relationships with pharmaceutical companies, opinion-leading physicians and pharmacists provide cross-selling opportunities.

WHAT ARE OUR STRATEGIC OBJECTIVES?

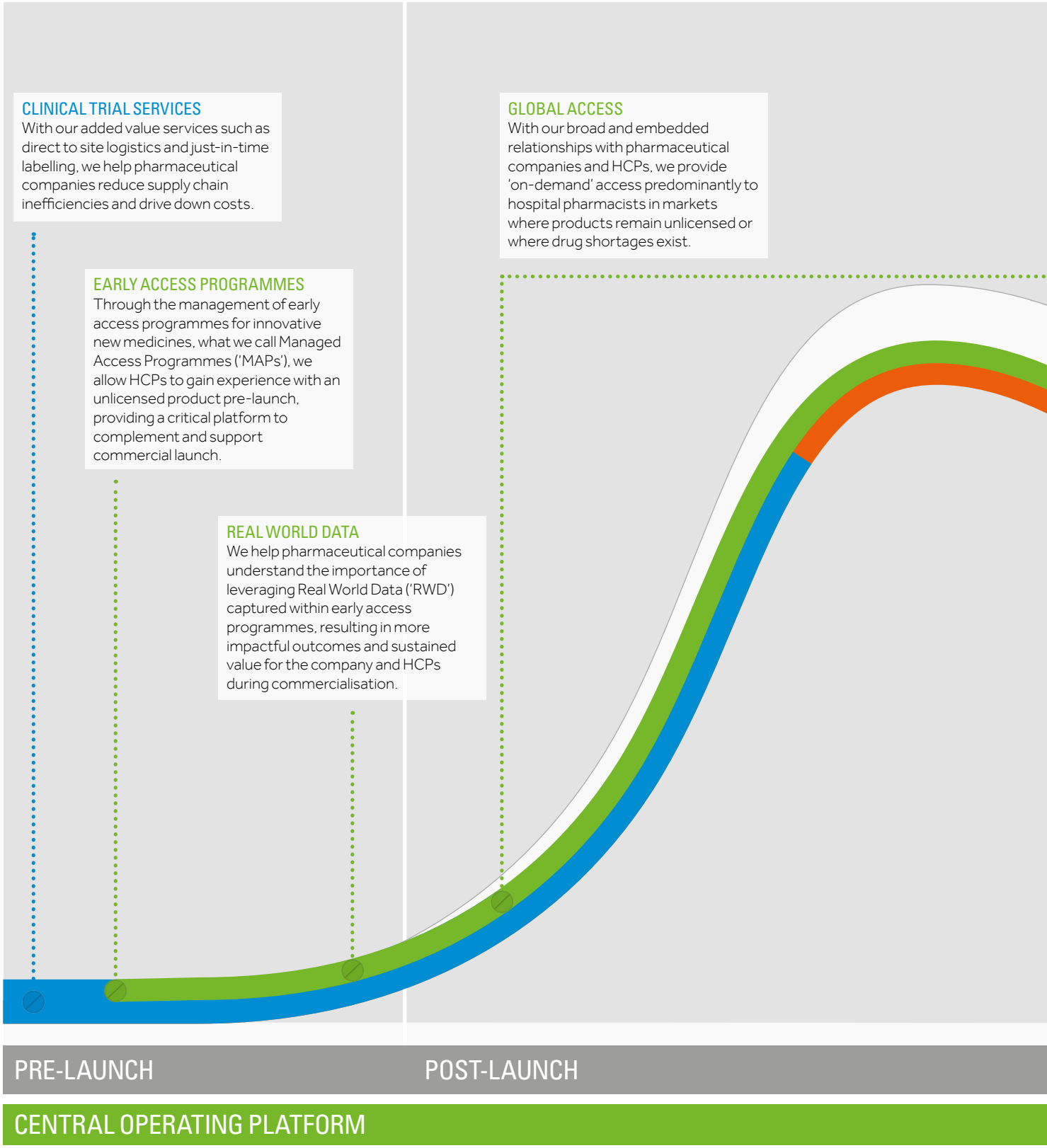
Delivering the right medicine, to the right patient, at the right time.

1. DEVELOP AND RETAIN TALENTED PEOPLE
2. UPGRADE TECHNOLOGY PLATFORM TO DRIVE ORGANIC GROWTH
3. EXPAND AND EMBED A GLOBAL COMMUNITY OF CUSTOMERS AND OPINION LEADERS
4. EXPAND PORTFOLIO OF GLOBAL AND REGIONAL ASSETS
5. BECOME THE 'GO TO' GLOBAL LEADER IN ETHICAL ACCESS TO UNLICENSED MEDICINES
6. EXTEND GLOBAL FOOTPRINT INTO REMAINING KEY MARKETS

Read more on page 10

Trusted global leader in access to medicines

Clinigen has a unique business model focused on providing patients with access to medicines. We add insight, expertise and value at the critical stages of a product's lifecycle, supporting pharmaceutical companies and healthcare professionals ('HCPs') from clinical trials to full commercialisation. We help to reduce costs in the supply of medicines, achieve more meaningful outcomes and sustained value during commercialisation, and extend the lifetime value of a product.



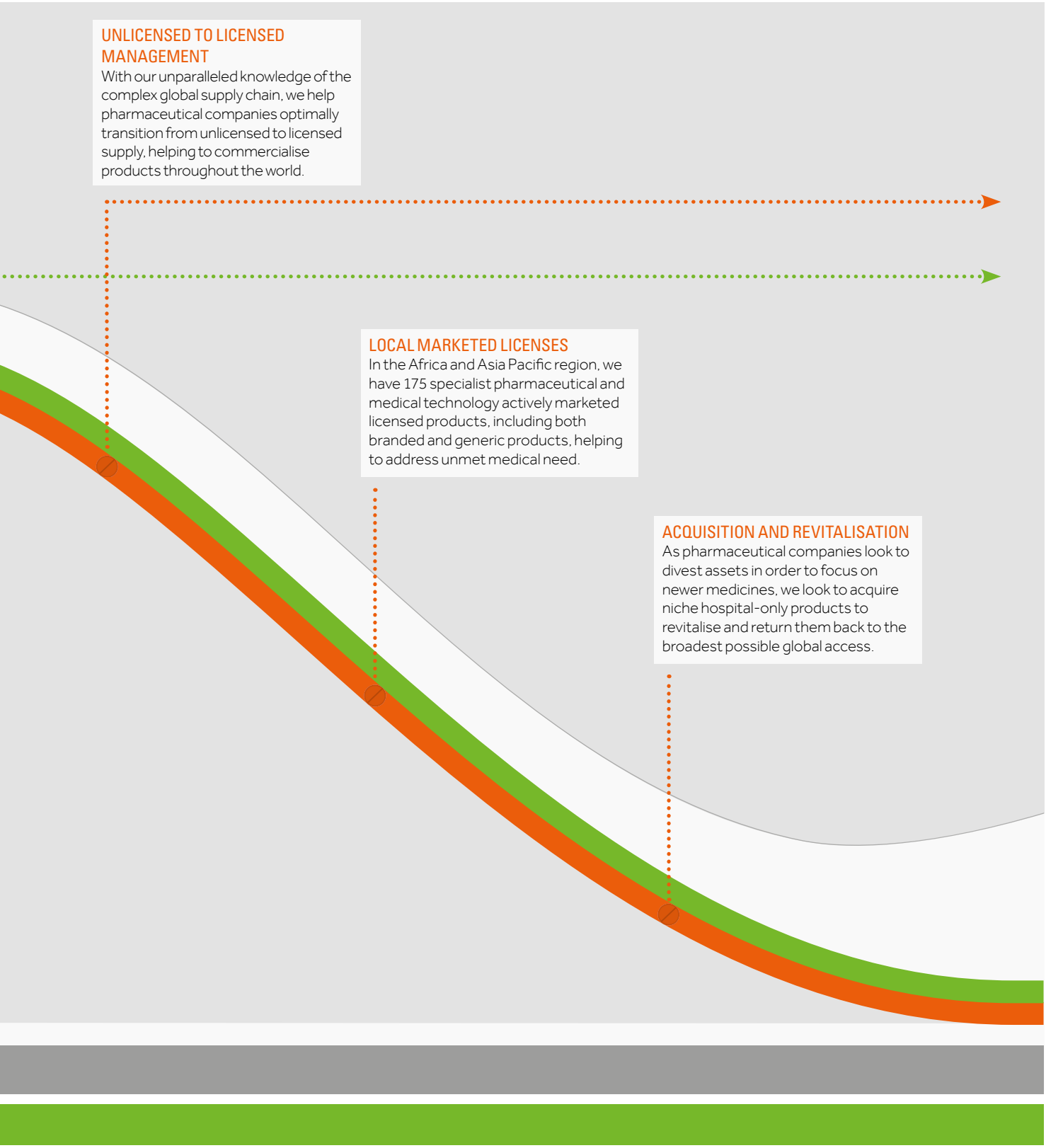
PRODUCT LIFECYCLE

CLINICAL TRIAL SERVICES

UNLICENSED MEDICINES

COMMERCIAL MEDICINES

CLINIGEN EFFECT



Our markets

There are many market drivers that impact our business which can represent both opportunities and threats to our current business model. Being unique in providing access to medicines also means the Group has developed many differentiators to provide competitive advantage against these threats. Some of the more common macro market trends which impact the Group are discussed in this Market Overview.

ACCESS TO MEDICINES

Clinigen has a unique combination of businesses providing access to medicines across clinical trials, unlicensed and commercial/licensed medicines – the key stages of a pharmaceutical product's lifecycle. It is able to offer access and supply solutions to both pharmaceutical companies and HCPs through a combination of a global reach and local knowledge.

The Group has broad and well-established relationships with both pharmaceutical companies, which increasingly require a trusted partner to facilitate supply and distribution of medicines to patients, and HCPs, who require assistance in accessing the medicines they need.

Pharmaceutical companies face many challenges from inefficient research and development, rising costs and commercial launches failing to demonstrate predicted value. Whilst HCPs have to balance the time spent accessing medicines against the speed of patient treatment, they face complexities in accessing unlicensed medicines, and are always concerned with quality assurance and patient safety.

Through market engagement, creating long-term intimacy with customers and stakeholders, developing partnerships with regulatory bodies, such as the European Association of Hospital Pharmacists ('EAHP') and European Alliance for Access to Safe Medicines ('EAASM') and through thought leadership, such as supporting the 'Point of Care' journal launched in the period, Clinigen is increasingly becoming the partner of choice in access to medicines.

IITs

IITs are independently sponsored studies which are developed and executed by third-party investigators or sponsors who are physician researchers, and often Key Opinion Leaders ('KOLs'), operating externally to the originators of the investigational product. These studies generate data from more real-world situations and are intended for publication, rather than product registration. As well as strengthening a product's long-term drug efficacy and safety data profile and improving prescribing knowledge, IITs can address data gaps and provide insights into untried combinations and new disease indications, as well as uncovering sub-populations or even greater patient populations. They are increasingly playing an important role in how new medicines are developed and used and it is an area of rapid growth with many benefits and challenges for pharmaceutical and biotech companies. Data in the US suggests there were more than 11,000 studies completed in 2016[1], a four-fold increase over a five-year period. Some companies support just a few trials of this type, but many can have over 1,000 studies in process or in development.

>11,000

IIT studies completed in 2016[1]

IITs bring more complexity and it can become challenging for companies to provide the level of support needed to effectively manage product supply for these programmes, especially on a global scale, and particularly for newer specialist medicines. As a result, many companies choose to work with a specialist outsourcing partner such as Clinigen CTS, which can support companies and KOLs in optimising the solution for IITs.

RWD

MAPs' primary objective is to provide the physician with a treatment option for patients with unmet medical needs where all licensed, commercially available treatment options have been exhausted and there is no access via a clinical trial to an investigational product. Often, the number of patients treated in a MAP is significantly higher than the number of overall patients treated in the clinical trials for that medicine and they represent a unique opportunity to gather evidence from a cohort of patients all receiving the same treatment, across multiple countries prospectively before launch. These programmes therefore offer a unique opportunity to collect RWD, providing evidence to support the product's long-term effectiveness, safety and value.

The capture of RWD is becoming more important in the approval and adoption of medicines and is playing an increasing role in ensuring patients have ethical access to innovative medicines. At Clinigen Consulting, part of the Unlicensed Medicines operation, we advise companies on policy and the importance of leveraging RWD to result in a product's more impactful outcome and sustained value.

21ST CENTURY CURES ACT

One of the obligations for pharmaceutical and biotech companies as a result of the 21st Century Cures Act is to disclose their early access, expanded or compassionate access policy via their websites. As a consequence, Clinigen has received interest for support in how to develop a best practice policy. One of the aims of the act is to provide transparency on the company's position and the process physicians need to follow in order to request access. Having a policy in place should encourage a considered, objective discussion of the ethical, logistical and strategic framework within a company to deal with patient requests. At Clinigen Consulting, part of the Unlicensed Medicines operation, we advise companies in evaluating and establishing best practice early access policies.

SHORTAGE OF SUPPLY

Drug shortages are a period of time when the demand for a drug exceeds the supply. In these cases it is ultimately patients who suffer as alternative drugs are used, modifications in treatments occur and costs increase as a result of higher costs associated with substitute drugs. Between 2011-14, the US Food and Drug Administration ('FDA'), announced that there were 456 instances of drug shortages[2] ranging from sterile injectables, anti-infectives and oncology treatments. Multiple factors contribute to drug shortages including quality, manufacturing complexity, speed of regulatory reviews, decreased margins and inventory-related issues[3]. At Clinigen, when we acquire an asset, we take every step possible to ensure the product won't go into shortage of supply, this gives the physician confidence to continue to use the product, keeping it on the prescribing guidelines and ultimately helping to drive sales.

456

instances of drug shortages[2]

1 www.clinicaltrials.gov.
2 US Food and Drug Administration, 'Drug Shortages', accessed April 15, 2016, http://www.fda.gov/Drugs/DrugSafety/DrugShortages/ucm441579.htm.
3 US Government Accountability Office, Drug Shortages, 36–40.

CLINICAL TRIAL SERVICES

CTS is the global market leader in the specialist supply and management of quality-assured comparator medicines and services to clinical trials and IITs.

MARKET SIZE

$1.5bn – $2.5bn

MARKET DRIVERS

- Trend is to outsource management of clinical trials
- Comparator drugs increasingly used over placebos
- Increase in more expensive biologic/ biosimilar drugs
- Growth in IITs
- Clients increasingly requiring a global solution

DIFFERENTIATORS

- Deep well-established relationships with pharmaceutical companies
- Global supply chain and distribution network
- Certify product for authenticity
- Superior pharmacovigilance and quality management knowledge
- Deep understanding of complexity of regulatory environment
- Expanded services and IIT offering

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UNLICENSED MEDICINES

Clinigen is the global leader in ethically sourcing and supplying unlicensed medicines to hospital pharmacists and physicians for patients with a high unmet medical need. The Group manages early access programmes (MAPs) for innovative new medicines and provides 'on-demand' access globally to medicines which remain unlicensed at the point of care.

MARKET SIZE

$5.0bn – $10.0bn

MARKET DRIVERS

- Structural growth in emerging pharmaceutical markets
- Increased role of patient advocacy groups demanding best treatments
- Demand for RWD
- Geography-specific drug shortages
- Increase in counterfeit products
- Clients increasingly requiring a global solution

DIFFERENTIATORS

- Broad and embedded relationships with pharmaceutical companies and pharmacists
- Focus on mature, hospital-only products
- Certify product for authenticity
- Deep understanding of complexity of regulatory environment
- Online proprietary medicines access platform

Read more on page 20

COMMERCIAL MEDICINES

The Group acquires global rights to niche hospital-only and critical care products, revitalising these assets around the world and returning them back to sustained growth. The Group also provides access to licensed and branded generic medicines in the Africa and Asia Pacific region.

GLOBAL PRODUCTS

5

LOCAL MARKETED LICENCES[4]

175

MARKET DRIVERS

- Mature product divestment by large pharmaceutical companies
- Clients increasingly requiring a global solution
- Clients increasingly looking to partner with a regional specialist to manage the lifecycle of products/therapy area franchises, essentially outsourcing the commercial management

DIFFERENTIATORS

- Broad and embedded relationships with pharmaceutical companies
- Local market knowledge
- Global supply chain and distribution network
- Not reliant on sales force
- Capability to convert unlicensed medicines to licensed medicines
- Revitalisation capability

Read more on page 22

4 Local marketed licenses includes branded and generic products

Building the platform for future growth

"THIS HAS BEEN ANOTHER EXCELLENT YEAR WITH ALL PARTS OF THE BUSINESS PERFORMING STRONGLY."

SHAUN CHILTON
Group Chief Executive Officer
27 September 2017

This year has been important in Clinigen's continued development for a number of reasons. Firstly, in terms of financial performance, we have seen another year of excellent progress in all parts of our business operations. We achieved strong growth in all our key financial KPIs with the best indicator of top-line performance, adjusted gross profit, up 22% driven by a combination of organic growth across all operations, a full year's contribution from Link and some benefit from currency movements. We also saw equally impressive positive movement in our other key metrics with adjusted EBITDA up 21%, adjusted EPS up 25% and cash generated from operations of £54.7m (2016: £49.4m).

In the context of continuing to build out our platform for sustained future growth, significant progress has been made this year in delivering on our strategic objectives. We have seen growth in both aspects of our Unlicensed Medicines operation (early access or Managed Access and 'on-demand' or Global Access), taking us a step closer to realising our vision to be the Trusted Global Leader in Access to Medicines.

" IN THE CONTEXT OF CONTINUING TO BUILD OUT OUR PLATFORM FOR SUSTAINED FUTURE GROWTH, SIGNIFICANT PROGRESS HAS BEEN MADE THIS YEAR IN DELIVERING ON OUR STRATEGIC OBJECTIVES."

The full rollout of Cliniport, our proprietary online management platform during the year, is an important step forward in driving breadth and depth in our relationships with a global community of KOLs, hospital pharmacists and pharmaceutical companies. It allows us to operate truly globally and improve the experience that these critical stakeholders have with Clinigen across all three operations.

In line with our expectations, the standout financial performance of our business was in the Africa and Asia Pacific region. This showcases our ability to effectively expand our geographical footprint. The business in South Africa is an excellently run business and during the year we began to execute our regional expansion strategy into other fast-growing African markets such as Kenya and this will be a continued focus in FY18.

In the Asia Pacific region, the establishment of our Japanese operation in Tokyo has allowed us to take back direct responsibility for marketing Foscavir in the world's third largest pharmaceutical market. We have also established the foundations to take advantage of the evolving regulatory environment in Japan, facilitating greater access to unlicensed medicines and this can be a good medium-term growth opportunity for Clinigen.

Our businesses in Australia and New Zealand performed well and a newly established distribution hub in Singapore can be an effective launch pad into the South-East Asian long-term growth markets. As we have seen with the collaboration with Eisai in launching two of its products in South Africa, there is a long-term need for pharmaceutical and biotechnology companies of all shapes and sizes, to find the right partner in challenging regions – we are increasingly seen as the partner of choice.

"THE STANDOUT FINANCIAL PERFORMANCE OF OUR BUSINESS IN AFRICA AND THE ASIA PACIFIC REGION, SHOWCASES OUR ABILITY TO EFFECTIVELY EXPAND OUR GEOGRAPHICAL FOOTPRINT."

We have continued to focus on the revitalisation of the Specialty Pharmaceutical portfolio of assets. While our lead asset, Foscavir, continued to show good growth in the year, we are also now beginning to see the effects of the revitalisation work that has gone into Ethyol and the dexrazoxane portfolio (Cardioxane, Savene and Totect).

With Ethyol, we successfully transferred commercial responsibility in the US, one of the top markets for the product, to our strategic partner, Cumberland. One of the markers of the successful revitalisation of an asset for Clinigen, is our ability to more than double the sales from point of acquisition in three years.

With the dexrazoxane portfolio, we successfully prepared the launch of Totect in the US, again through Cumberland, and we achieved the landmark EC approval in amending the European label for Cardioxane. It is difficult to underestimate the achievement with Cardioxane, this being the first time such a regulatory event has been successful and will have a long-term effect on the growth of both Cardioxane and the dexrazoxane portfolio itself. All of these initiatives demonstrate our continued unique ability to revitalise 'distressed' assets on a global scale.

"THE STRONG PERFORMANCE OF THE BUSINESS THIS YEAR WAS FUNDAMENTALLY DOWN TO THE QUALITY AND CAPABILITY OF OUR PEOPLE."

Following the completion of the Link earn-out, we have simplified the presentation of the business into the three operations (CTS, Unlicensed Medicines, and Commercial Medicines), to better reflect how the business operates. Going forward, in conjunction with this, a lot of important work has continued in the background during the year on the central operating platform that underpins the Group's business. We have recognised the need to upgrade our technology platform to both drive operational efficiency and allow the Group to compete aggressively on a global scale. In addition to the launch of Cliniport, we have made significant progress in implementing ClinigenOne, the Group's ERP platform. Everything is going to plan and when completed during the next financial year, this will be a major step forward for the business. As the Group's most extensive capital expenditure project in its brief history, it is critical that we get this right first time. We have made great progress since the Link acquisition this year in driving commercial and operational synergies, particularly around establishing a global product sourcing network.

The strong performance of the business this year was fundamentally down to the quality and capability of our people. Clinigen's future depends upon developing and retaining the highest quality people and this is why one of our strategic objectives is to develop and retain people of the highest quality. We are working hard to ensure this is one of the most attractive global companies to work for and so it was with great pride that this year in the UK we were awarded both the Investors in People Silver Award and named as one of the most inspiring companies to work for in Britain.

On 13 September 2017, post period end, the Group announced the proposed acquisition of Quantum Pharma plc ('Quantum') valued at 82p per Quantum share (37p in cash and 0.0405 new Clinigen shares) totalling £150.3m for the entire diluted share capital. It is intended that the acquisition will be effected by means of a court-sanctioned scheme of arrangement which is subject to the agreement by Quantum shareholders.

The acquisition provides the opportunity to strengthen Clinigen's position as global leader in ethical access to medicines.

Quantum's capabilities in unlicensed to licensed medicines ('UL2L') is complementary to Clinigen and would accelerate the Group's UL2L global strategy. The acquisition would also allow Quantum's portfolio of commercial products to be internationalised through Clinigen's current infrastructure.

Delivering the right medicine, to the right patient, at the right time.

The Group's strategic priorities are rooted in its founding principle of delivering the right medicine, to the right patient, at the right time. We are unique in being able to provide access to medicines across the pharmaceutical product lifecycle. Our aim is to build on our market-leading positions and expanded geographical footprint and we have set ourselves strategic objectives to help us achieve this.

STRATEGIC OBJECTIVES	PEOPLE	TECHNOLOGY	CUSTOMER
PRIORITY	1	2	3
	DEVELOP AND RETAIN TALENTED PEOPLE	UPGRADE TECHNOLOGY PLATFORM TO DRIVE ORGANIC GROWTH	EXPAND AND EMBED A GLOBAL COMMUNITY OF CUSTOMERS AND OPINION LEADERS
2017 PROGRESS	– Clinigen named as one of the most inspiring companies in Britain – Received Investors in People Silver Award in the UK – All permanent employees are given the opportunity to become shareholders of the Company – Roll out of a new Performance and Development Tracker globally	– Launch of Cliniport (proprietary web-based operating system) enabling the Group to better interact with the customer – ClinigenOne ERP implementation going to plan	– Achieved European Commission approval to modify Cardioxane product information originally applied during Article 31 referral – Launch of Cliniport (proprietary web-based operating system) enabling the Group to better interact with the customer – 'Point of care' journal launched – Global promotional campaign launched in 'on-demand' access – Restructured Customer Services to Medicines Access
KEY PERFORMANCE INDICATORS	– 80% response rate in 2017 global staff survey with 93% of staff 'proud to work for Clinigen'	– Cliniport includes 89 MAPs, 271 products	– c10,000 customers – 27 of top 50 pharmaceutical and biotech companies as customers
2018 OBJECTIVES	– Launch of Clinigen Management Academy, to be recognised by the Institute of Leadership and Management – Improve employee retention – Extend and harmonise learning opportunities – Develop internal communications strategy	– Complete implementation of ClinigenOne ERP – Embed Cliniport functionality including extended RWD capability into ClinigenOne	– Develop 48 hour customer response times for all new customer enquiries – Expand number of customers to >10,000 – Drive KOL, hospital pharmacist and pharmacy group engagement across markets

BUSINESS

4	5	6
EXPAND PORTFOLIO OF GLOBAL AND REGIONAL ASSETS	BECOME THE 'GO TO' GLOBAL LEADER IN ETHICAL ACCESS TO UNLICENSED MEDICINES	EXTEND GLOBAL FOOTPRINT INTO REMAINING KEY MARKETS
– Collaboration with Eisai to launch Halaven® and Fycompa® in Africa	– Launch of Cliniport (proprietary web-based operating system) enabling the Group to better interact with the customer	– Ethyol launched in US through strategic alliance with Cumberland – Launch of Japanese business, allowing the Group to supply both unlicensed medicines and commercial medicines – Appointed logistic partners and deployed sales and marketing capability in Kenya – Wholesale license obtained in Hong Kong
– Local marketed licences including branded and generic products: 175	– 31 'on-demand' exclusive supply agreements (2016: 24)	– Number of countries supplied: 111 (2016:113) – Gross profit by region: Rest of World 22% (2016: 13%)
– Convert unlicensed to licensed opportunities in Europe, Africa and Asia Pacific – Prepare Foscavir bag line extension for launch in 2018 – Continue to search for selective product acquisitions	– Build the brand among hospital pharmacists – Introduce quality seal to raise standards	– Launch of Totect in US through strategic alliance with Cumberland – Review options to upscale capability in LATAM

TRUSTED PARTNER IN ACCESS TO MEDICINES

STRATEGIC OBJECTIVES

4+6

CASE STUDY

EISAI PARTNERSHIP

As a result of the Link acquisition and its regional licensed medicines capabilities, the Group is now being presented with new collaboration opportunities in the Africa and Asia Pacific region. During the year the Group entered a partnership with Eisai, a leading global research and development-based pharmaceutical company headquartered in Japan, to launch Halaven® (eribulin) for advanced breast cancer and Fycompa® (perampanel) for partial-onset seizures in South Africa.

The agreements demonstrate a continuation of a strong and successful relationship established with Eisai which has spanned several years.

In addition to the agreements with Link, during the year the Group worked with Eisai to source comparator drugs in CTS and provided exclusive access to five MAPs.

The conversion of unlicensed medicines to licensed medicines (UL2L) in the Africa and Asia Pacific region will be an important growth driver for the Commercial Medicines operation. These agreements illustrate how Clinigen is increasingly becoming an attractive partner to top pharmaceutical companies in the supply and distribution of their products and allow us to further demonstrate our local distribution knowledge and expertise.

NUMBER OF PRODUCTS MANAGED ON BEHALF OF EISAI

6

"WE HAVE FORGED A STRONG PARTNERSHIP, BASED ON EISAI'S INNOVATIVE PRODUCTS AND OUR ABILITY TO LEVERAGE OUR EXTENSIVE DISTRIBUTION NETWORK IN THE REGION AND LOCAL EXPERTISE."

JOHANN WILLEMSE
Chief Commercial Officer

DIGITAL PLATFORM EXTENDS GLOBAL COVERAGE

OUR ONLINE PROPRIETARY MEDICINES ACCESS PLATFORM, WILL STRENGTHEN OUR MARKET PROPOSITION ENABLING US TO DELIVER TO THE RIGHT PATIENT

"CLINIPORT HAS BECOME AN INVALUABLE PART OF OUR SERVICE OFFERING FOR OUR CLIENTS AND FURTHER STRENGTHENS OUR MARKET PROPOSITION AND INTERACTION WITH THE CUSTOMER. ITS SCALABILITY WILL SUPPORT OUR CURRENT GEOGRAPHICAL INFRASTRUCTURE AND FUTURE GROWTH AMBITIONS IN THE COMING YEARS."

SHAUN CHILTON
Group CEO

STRATEGIC OBJECTIVES

2+3+5

CASE STUDY

CLINIPORT

Cliniport is a customisable, scalable web portal and is unique in the degree of data it can provide to its users. The portal is designed to provide a bespoke service for each pharmaceutical company client, with data capture, reporting and export features at its core. The software which Clinigen has used behind the portal is deliberately robust, to ensure patient confidentiality and user-to-user data are protected at all times.

The portal was designed for use by both pharmaceutical industry clients and HCPs. For the pharmaceutical industry clients, there is constant real-time access to live data for their specific access programme, including patient numbers, associated patient and HCP data and the order history of all healthcare institutes involved in the programme.

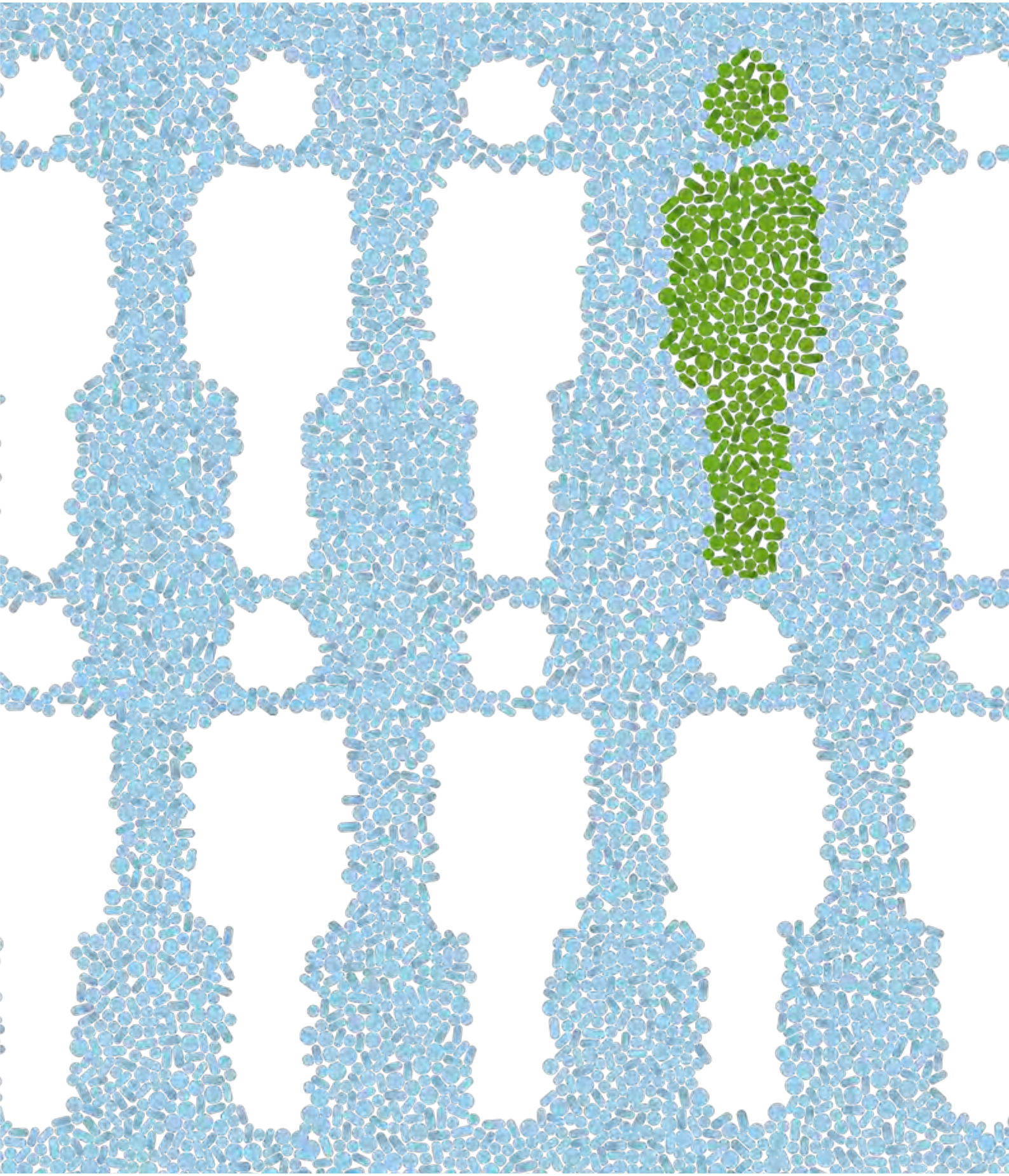
For HCPs, orders can be placed and managed for the relevant medicines from the library of over 350 products, access can be sought to all necessary product documentation of patients' records registered with MAPs, and order history and stock levels can be viewed.

All healthcare institutions are subject to a validated approval process before being added to Cliniport and HCPs can only see access programmes for which their institution has been approved.

Cliniport offers unparalleled control and insight into MAPs, and provides safe, reliable online access to unlicensed medicines. The development of Cliniport is indicative of the demand we have seen for this product, the belief we have in it as an offering, and the conviction that it will be a key enabler of growth.

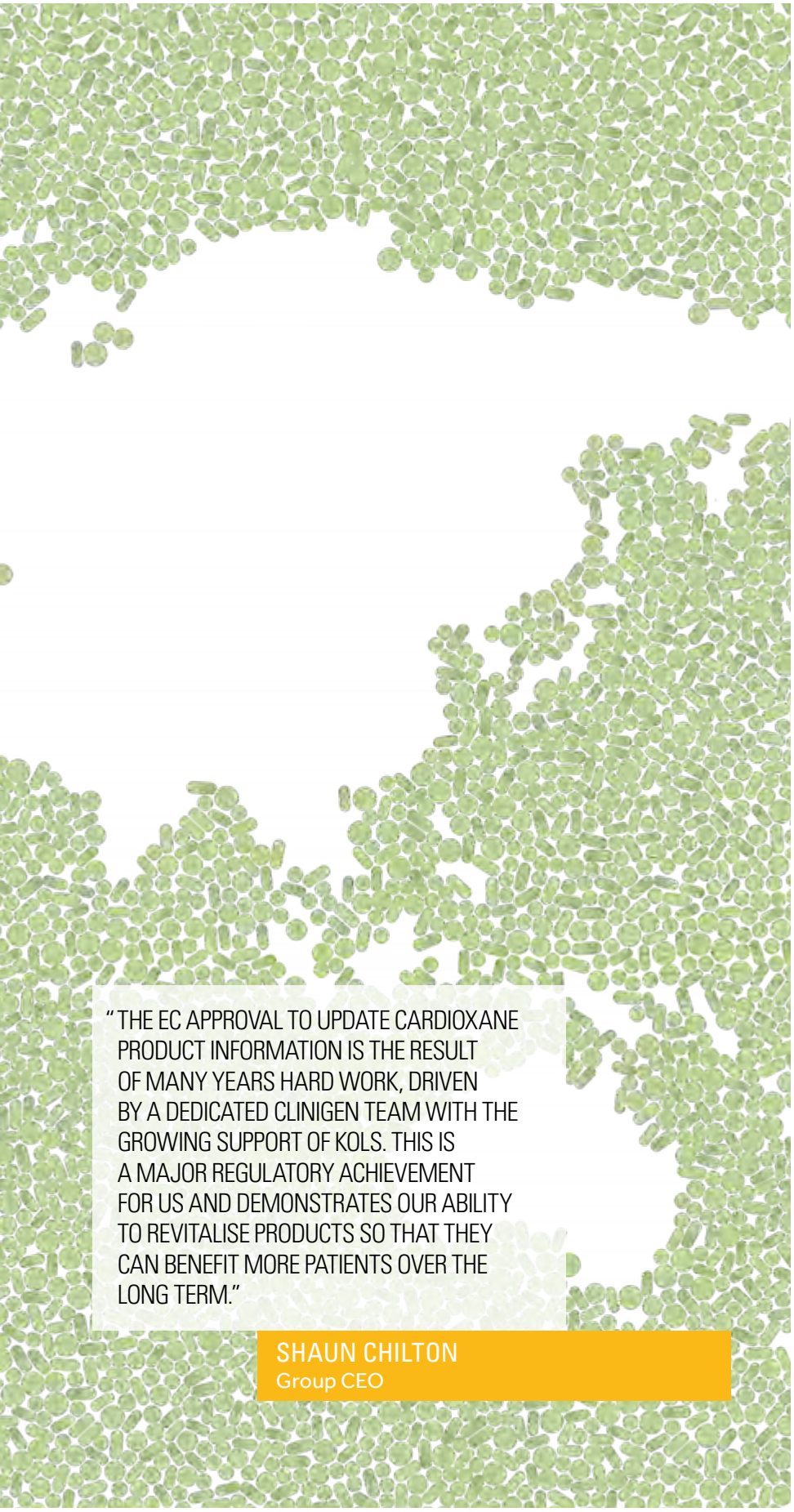
PRODUCTS LISTED ON CLINIPORT

>350



THOUGHT LEADER IN REVITALISATION

PRODUCT REVITALISATION IS KEY TO DRIVING GROWTH IN OUR MARKETS, BUT MORE IMPORTANTLY IT ALLOWS US TO DELIVER AT THE RIGHT TIME



"THE EC APPROVAL TO UPDATE CARDIOXANE PRODUCT INFORMATION IS THE RESULT OF MANY YEARS HARD WORK, DRIVEN BY A DEDICATED CLINIGEN TEAM WITH THE GROWING SUPPORT OF KOLS. THIS IS A MAJOR REGULATORY ACHIEVEMENT FOR US AND DEMONSTRATES OUR ABILITY TO REVITALISE PRODUCTS SO THAT THEY CAN BENEFIT MORE PATIENTS OVER THE LONG TERM."

SHAUN CHILTON
Group CEO

STRATEGIC OBJECTIVES

3+6

CASE STUDY

CARDIOXANE

Cardioxane, an oncology support therapy, is a cardioprotective agent used to prevent the cardiotoxicity of anthracycline chemotherapy for patients with advanced and/or metastatic breast cancer. In 2011, its label was revised in Europe as a result of an Article 31 restriction. This restricted its use through the introduction of a paediatric contraindication. In March 2013, Clinigen acquired Cardioxane (dexrazoxane) from Novartis as we believed there was an opportunity to revitalise Cardioxane, by seeking new commercialisation, market and indication strategies and also began work in challenging the Article 31 restriction.

A cross-functional/multi-disciplinary team at Clinigen mobilised international paediatric oncologists and cardiologists to compile new data and clinical arguments to address the concerns of the lead European regulatory body, the EMA. It then brought together an international group of these KOLs with the aim of submitting this material to the EMA to convince it to permit Cardioxane use in paediatric cancer patients to prevent the cardiotoxic effects of anthracyclines.

This work was driven by a common desire for physicians in the EU to be allowed to use Cardioxane in children who previously did not have that option due to the paediatric contraindication.

The Group's efforts were rewarded in May 2017 when the paediatric restriction was alleviated. The new safety data the Group provided also demonstrated a more favourable safety profile in adults, which will be reflected in updated product information. These changes will allow the use of Cardioxane in a wider population of patients. Clinigen believes this is the first time a restriction of the labelling introduced in an Article 31 referral has been successfully reassessed.

The subsequent EC approval in August 2017 – the first ever of its kind - was a significant step forward in the Group's revitalisation of Cardioxane. Clinigen's achievement reflects the Group's underlying mission of providing the right medicine, to the right patient, at the right time.

CARDIOXANE ACQUIRED:

2013

Complementary portfolio of businesses

"IN KEEPING WITH OUR MISSION OF 'RIGHT MEDICINE, RIGHT PATIENT, RIGHT TIME', WE ARE ABLE TO OFFER A SOLUTION AT EACH KEY STAGE OF THE PHARMACEUTICAL PRODUCT'S LIFECYCLE AND HAVE THE ABILITY TO HARNESS GLOBAL EXPERTISE WITH LOCAL KNOWLEDGE."

SHAUN CHILTON
Chief Executive Officer
27 September 2017

Clinigen is unique in our capability to manage and distribute both unlicensed and licensed, commercial medicines globally. We are a specialty pharmaceutical company in our own right with a portfolio of five global assets and 175 regional/local marketing authorisations, and branded and generic products. We are the global leader in supplying comparator medicines for clinical trials and the global leader in early access to new, innovative medicines. We also manage thousands of medicines that remain unlicensed at the point of care.

The Group is focused on three areas of global medicine supply; clinical trials, unlicensed medicines, and commercial medicines, and following the completion of the Link earn-out, we are now able restructure the Group to mirror how the business operates in practice. The performance of the Group is now reported in three operations: CTS, Unlicensed Medicines, and Commercial Medicines. The structure will allow us to develop further our complementary portfolio of businesses worldwide, enhance our ability in providing access to medicines and capitalise on our market-leading positions and expanded geographical footprint.

Clinical Trial Services

MARKET SIZE

$1.5bn – $2.5bn

MARKET DRIVERS

- Trend is to outsource management of clinical trials
- Comparator drugs increasingly used over placebos
- Increase in more expensive biologic/ biosimilar drugs
- Growth in IITs
- Clients increasingly requiring a global solution

DIFFERENTIATORS

- Deep well-established relationships with pharmaceutical companies
- Global supply chain and distribution network
- Certify product for authenticity
- Superior pharmacovigilance and quality management knowledge
- Deep understanding of complexity of regulatory environment
- Expanded services and IIT offering

CTS is the global market leader in the specialist supply and management of quality-assured comparator medicines and services to clinical trials and IITs.

The division, representing 19% of adjusted Group gross profit, has again delivered another excellent year of growth, increasing gross profit by 18%. CTS served 93 clients in the year, with the top 10 clients representing 89% of gross profit. Six clients generated more than £1m in gross profit, contributing 80% of the division's gross profit.

The gross margin of 21% increased significantly versus prior year (2016: 14%) due to the change in mix towards higher margin products and activity.

Growth has come from deeper engagement with clients in the core business, the winning of new clients among the world's largest 25 pharmaceutical companies and an increase in the number of IITs supported.

ADDED VALUE SERVICES

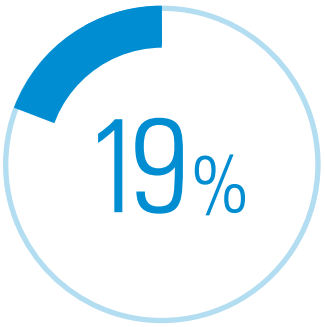
As referenced in the Market Overview, there is an increasing trend towards using IITs to generate data and further understand products and disease areas to support the more traditional randomised clinical trials to commercialise medicines. CTS supported 19 IITs in the period (2016: 13).

CTS is seeing that clients increasingly require a larger service provider, such as Clinigen, which has a global reach and is capable of offering a broader and more complex solution. Adding complementary added value services, such as IITs, is a key part of the strategy to access an attractive additional market. This widens service capability, deepens the relationships with current clients and reinforces CTS' market-leader status.

CTS has established a leading position in the market as a trusted partner capable of delivering high quality service across the world with an extensive understanding of the complex regulatory environment. These strengths, combined with the strategy of over-layering the core service offering with added value services, position the operation to take advantage of the rapidly developing market opportunity.

The priorities this year are to further develop the expanded services, formalise the IIT service offering, increase client penetration and extend into new markets.

SHARE OF GROUP GROSS PROFIT



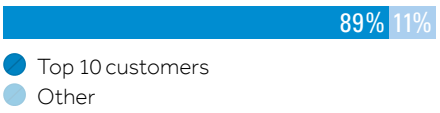
REVENUE (£M)

£109.9m

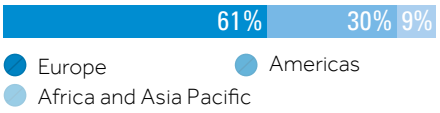
GROSS PROFIT (£M)

£23.3m +18%

GROSS PROFIT BY CUSTOMER



UNITS PURCHASED BY SOURCE



UNITS SHIPPED

473,000

COUNTRIES SHIPPED TO

45

CHARACTERISTICS

- Global market leader
- Strong reputation with deep understanding of regulatory environment
- Global reach with local expertise
- Quality management system

PRIORITIES

- Further development of expanded services
- Formalise IIT service offering
- Increase client penetration
- Extend markets

Unlicensed Medicines

MARKET SIZE

$5.0bn – $10.0bn

MARKET DRIVERS

- Structural growth in emerging pharmaceutical markets
- Increased role of patient advocacy groups demanding best treatments
- Demand for RWD
- Geography-specific drug shortages
- Increase in counterfeit products
- Clients increasingly requiring a global solution

DIFFERENTIATORS

- Broad and embedded relationships with pharmaceutical companies and pharmacists
- Focus on mature, hospital only products
- Certify product for authenticity
- Deep understanding of complexity of regulatory environment
- Online proprietary medicines access platform

Clinigen is the global leader in ethically sourcing and supplying unlicensed medicines to hospital pharmacists and physicians for patients with a high unmet medical need. The Group manages early access programmes for innovative new medicines and provides 'on-demand' access globally to medicines which remain unlicensed at the point of care.

The Unlicensed Medicines operation encompasses Managed Access, Global Access and the unlicensed business within Link. It represents 42% of adjusted Group gross profit and increased its gross profit by 19%.

This operation works with 25 of the top 50 pharmaceutical and biotech companies in the world, and with more than 7,000 hospital pharmacists. During the year it shipped 956,000 units of drugs across 109 countries.

EARLY ACCESS

In the early access space, the Group is the global market leader in providing exclusive, ethical worldwide access to the most promising innovative medicines on behalf of pharmaceutical and biotech companies in disease areas where there is a high unmet patient need. These disease areas are typically in oncology, central nervous system, infectious disease, immunology and orphan disease. These early access initiatives are called Managed Access programmes.

At the end of the year, there were 107 MAPs under management (2016: 112), including those in the Africa and Asia Pacific region, of which 87% of products shipped on behalf of the client were provided free of charge to patients (2016: 85%). When the product is 'charged for', the revenue is passed through the Group's accounts. A shift in mix towards 'free of charge' products can have a material impact on the revenue generated without affecting gross profit. This is why the Group views gross profit as the best measure of top-line growth.

The increased role that RWD is playing in the approval of medicines and developments in ensuring patients have ethical access to innovative medicines has led to increase demand for added value services. These services include advising companies on best practice early access policies. These added value services are managed by Clinigen Consulting in Unlicensed Medicines and provide the Group with an additional opportunity to enhance its market-leading position. During the year, these added value services contributed 4% of the operation's gross profit (2016: 3%).

'ON-DEMAND' ACCESS

The Unlicensed Medicines business also comprises the ethical supply of 'on-demand' unlicensed or short supply medicines to patients, via their physicians.

The sourcing and supply of unlicensed medicines is highly complex and leads to a high unmet patient need. Clinigen benefits from being a specialist global supplier with a deep understanding of the complex regulatory environment and from having broad and embedded relationships with both pharmaceutical companies and pharmacists.

Progress was made against the operation's key objective of increasing the number of 'on-demand' exclusive supply agreements for certain high demand or niche medicines. During the year, the number of these agreements increased to 31 (2016: 24), including those in the Africa and Asia Pacific region, most notably were those signed with Mitsubishi Tanabe, Shionogi and Romark.

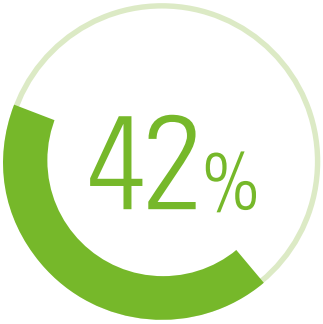
Each of these agreements were different in nature and the products ranged from innovative, to older, more established medicines. This illustrates our reach in providing access across the product lifecycle and demonstrates our ability to provide bespoke solutions to pharmaceutical companies.

The Africa and Asia Pacific region delivered strong organic growth across all geographies whilst also benefiting from the translation effects from the depreciation in sterling. As the Link business is integrated further into the Clinigen infrastructure, the Unlicensed Medicines operation will be able to leverage on our global supply and distribution infrastructure.

The launch of the Japanese business in H1 2017 strengthened Clinigen's presence in Asia by allowing the Group to supply and distribute both commercial and unlicensed medicines. In addition, the Group obtained a wholesale licence in Hong Kong in February 2017, allowing it to expand its reach and control its distribution in this region.

The priorities this year in early access are to expand the added value services and achieve better penetration of new and existing clients. In 'on-demand' access, the aims are to capitalise on the considerable long-term international opportunity by adding exclusive supply agreements and strengthen the pipeline of new products. Clinigen also intends to increase its profile further with physicians, pharmacists and KOLs through targeted marketing activity.

SHARE OF GROUP GROSS PROFIT



REVENUE (£M)

£126.1m

GROSS PROFIT (£M)

£52.2m +19%

GROSS PROFIT BY PRODUCT

- Top 10 customers
- Other

NUMBER OF EXCLUSIVE SUPPLY AGREEMENTS

138[1]

UNITS SHIPPED BY REGION

- Europe
- Americas
- Africa and Asia Pacific

UNITS SHIPPED

956,000

COUNTRIES SHIPPED TO

109

NUMBER OF TOP 50 PHARMACEUTICAL AND BIOTECH COMPANIES AS CUSTOMERS

25

CHARACTERISTICS

- Global market leader in access to unlicensed medicines
- International service and distribution network
- Expertise and local knowledge of regulatory frameworks
- Strong partnerships with pharmaceutical and biotech companies and pharmacists

PRIORITIES

- Expand added value services in early access
- Further strengthen client and customer relationships
- Drive international expansion
- Leverage Group sourcing and procurement capability
- Strengthen pipeline of new products

1 Number of exclusive supply agreements includes 107 MAP's (2016: 112) and 31 exclusive 'on demand' access supply agreements (2016: 24).

Commercial Medicines

GLOBAL PRODUCTS

5

LOCAL MARKETED LICENCES[1]

175

MARKET DRIVERS

- Mature product divestment by large Pharmaceutical companies
- Clients increasingly requiring a global solution
- Clients increasingly looking to partner with a regional specialist to manage the lifecycle of products/therapy area franchises, essentially outsourcing the commercial management

DIFFERENTIATORS

- Broad and embedded relationships with pharmaceutical companies
- Local market knowledge
- Global supply chain and distribution network
- Not reliant on sales force
- Capability to convert unlicensed medicines to licenced medicines
- Revitalisation capability

Clinigen's Commercial Medicines operation acquires global rights to niche hospital-only and critical care products and revitalises them back to sustained growth. It also provides access to licensed and branded generic medicines in the Africa and Asia Pacific region.

Commercial Medicines, encompassing the Specialty Pharmaceuticals portfolio and the commercial business of the Link division, represents 39% of adjusted Group gross profit. The operation was the biggest driver of Group profit following an excellent year of progress, increasing gross profits by 27%.

Gross margin was 71.3% (2016: 76.3%). The decrease was due to the change in mix towards the lower margin commercial activity in the Africa and Asia Pacific region, as a result of a full year's contribution from Link. The gross margin from the Specialty Pharmaceutical products was broadly unchanged.

SPECIALTY PHARMACEUTICALS

Clinigen owns five products undergoing revitalisation in two therapy areas (oncology support and infectious disease). Collectively, these products represents 75% of Commercial Medicines gross profit (2016: 86%).

Foscavir is an anti-viral targeting human herpes viruses and is used primarily in bone marrow transplant patients. Foscavir achieved good growth in the year benefiting from a 6% increase of in-market sales and currency benefits. Foscavir now represents 53% of Commercial Medicines gross profit (2016: 55%). The Foscavir bag line extension is progressing to plan, with sales expected to begin in the second half of 2018.

The launch of the Japanese business has allowed the Group to take back direct control of Foscavir in this country. Japan is the third largest pharmaceutical market in the world and remains an important market for Foscavir, with more than 2,000 patients treated annually.

Ethyol is used to reduce the incidence of dry mouth in patients undergoing high dose radiation treatment. Sales improved in the second half, following the transfer in H1 of the US licence to Cumberland, the Group's US strategic partner. Success of Ethyol in the US market is an important part of our global revitalisation strategy.

The Group's dexrazoxane portfolio comprises Cardioxane, Savene and Totect. Cardioxane is used as a cardio protectant in oncology (anthracycline) treatment. Savene and Totect are used as important emergency treatments for extravasation (leakage) at the site of injection of oncology (anthracycline) treatments. The dexrazoxane portfolio performed as expected. Gross profit was lower than last year due to the completion of a phase of clinical trial where Cardioxane was used as an adjuvant drug.

During the calendar year, a key milestone was achieved in the revitalisation of Cardioxane. The product received approval from the European Commission in August 2017 to modify its current product information. This was originally applied during an Article 31 referral in 2011. This approval represents a major regulatory achievement for the Group as physicians will now be able to consider using Cardioxane where high dose anthracycline therapy is planned in paediatric patients. The safety profile has also been reassessed in the adult population and will result in updated product information. The approval is expected to lead to an increase in usage of Cardioxane in the medium term.

In January 2017, the Group announced an exclusive US agreement with Cumberland to commercialise Totect, the second such agreement under the strategic partnership. In September 2017, the Group further announced the product launch. This is an important milestone in the product's revitalisation strategy, and will enable patients to access this vital FDA-approved emergency support therapy.

1 Local marketed licenses includes branded and generic products

COMMERCIAL PRODUCTS

In the Africa and Asia Pacific region, the Group has 175 specialist pharmaceutical and medical technology actively marketed licensed products including both branded and generic products, and supplies diagnostic kits, diabetes management and wound care products.

Collectively, these products in this region represent 25% of Commercial Medicines gross profit (2016: 14%).

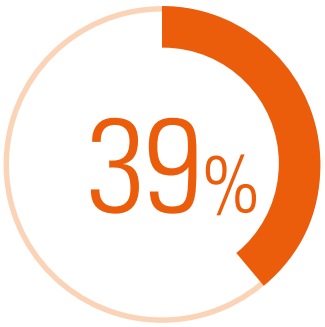
Excellent progress was made in the Africa and Asia Pacific region, building sales from the existing commercial portfolio and the strategy of converting UL2L. Growth was strong across all geographies and the region also benefited from the translation effects from the depreciation in sterling and the expansion of the gross profit % resulting from the appreciation of the local currencies.

An important growth driver in this region will be the conversion of UL2L medicines. Agreements with Eisai for Halaven® for advanced breast cancer and Fycompa® for partial-onset seizures demonstrate how the Group is building this part of the business. Clinigen is increasingly becoming the partner of choice to top pharma companies in the supply and distribution of their products.

The priorities for Commercial Medicines are: continued revitalisation of existing products, the launch of the Foscavir bag line extension, seeking selective product acquisitions that fit within our portfolio, and further conversion of UL2L medicines.

Assuming the competitive landscape remains unchanged (most sales are derived from products not under patent protection and so increased competition is an ongoing risk), Commercial Medicines is well positioned to continue to drive growth this year across all parts of the portfolio.

SHARE OF GROUP GROSS PROFIT



REVENUE (£M)

£66.3m

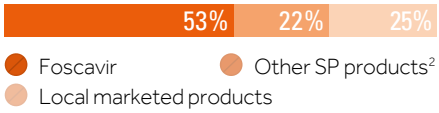
GROSS PROFIT (£M)

£47.3m +27%

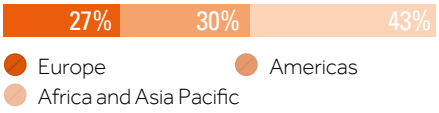
GROSS PROFIT %

71.3% -5.0%

GROSS PROFIT BY PRODUCT



REVENUE BY REGION



UNITS SHIPPED

1,694,000

COUNTRIES SHIPPED TO

47

CHARACTERISTICS

- Range of hospital only niche products for critical care, including branded and generic
- Knowledge and expertise in licensed and unlicensed medicines
- Typically mature products

PRIORITIES

- Drive revitalisation of existing products
- Launch of Totect and Foscavir bag line extension
- Further conversion of unlicensed medicines to licensed medicines
- Add further products to portfolio

2 Other SP products refers to Ethyol, Cardioxane, Savene and Totect.

Another strong financial year

"THIS WAS A STRONG FINANCIAL PERFORMANCE FOR THE YEAR WITH MORE THAN 20% GROWTH ACROSS ALL OUR KEY FINANCIAL MEASURES."

MARTIN ABELL
Chief Financial Officer
27 September 2017

INCREASE IN ADJUSTED GROSS PROFIT

22%

REDUCTION IN NET DEBT

£33.1m

INCREASE IN ADJUSTED EPS

25%

INCREASE IN DIVIDEND PER SHARE

25%

HIGHLIGHTS

- Adjusted gross profit up 22%, driven by organic growth, Link acquisition and currency benefits
- Adjusted EPS up 25% to 41.8p (2016: 33.4p)
- Another strong cash flow performance with £54.7m cash generated from operations (2016: £49.4m)
- Net debt decreased by £33.1m to £35.0m
- Full year dividend increased 25% to 5.0p (2016: 4.0p)

When presenting the financial results, a number of adjusted measures are used which are considered by the Board and management in reporting, planning and decision making. Underlying results reflect the Group's trading performance and exclude amortisation and non-underlying costs which are explained in note 3.

Now that the IPO related share-based payments ('SBP') have concluded and consequently the SBP are at a normalised level, SBP costs are now included in adjusted EBITDA and adjusted profit before tax. The joint venture ('JV') contribution is no longer shown in adjusted revenue and gross profit, but is included on a pre-tax basis in adjusted EBITDA and adjusted profit before tax. The prior year comparative has been restated accordingly.

SUMMARY INCOME STATEMENT

Year ended 30 June Adjusted results	2017 £m	2016 £m	Growth
Revenue	**302.3**	339.9	(11)%
Gross profit	**122.8**	100.7	22%
Administrative expenses	**(56.2)**	(45.3)	(24)%
EBITDA from joint venture	**1.0**	0.6	67%
EBITDA (before SBP)	**67.6**	56.0	21%
Share-based payments	**(2.5)**	(2.3)	
EBITDA (after SBP)	**65.1**	53.7	21%
Depreciation	**(0.6)**	(0.8)	
EBITA	**64.5**	52.9	22%
Finance cost	**(2.4)**	(4.0)	
Profit before tax	**62.1**	48.9	27%
Basic earnings per share (after SBP)	**41.8p**	33.4p	25%
Dividend per share	**5.0p**	4.0p	25%

This summary income statement presents the Group results on an adjusted basis excluding amortisation and non-underlying costs (see note 3 and 6 of the accounts). EBITDA as disclosed in this summary is also adjusted to include the Group's share of EBITDA from its joint venture.

Overall, the Group achieved a strong financial performance with the Group's key three financial metrics, adjusted gross profit, adjusted EBITDA and adjusted earnings per share all growing more than 20%.

Revenue increased 6% excluding the effect of the change in mix in Managed Access towards programmes where the product is provided by the pharmaceutical client free of charge, and the termination of a large Global Access low margin commercial contract, which was inherited with the Idis acquisition. This revenue growth is lower than growth in gross profit, primarily due to the change in mix in CTS towards higher margin products and activity. Reported revenue was £302.3m (2016: £339.9m).

Adjusted gross profit, which the management views as the key indicator of top-line performance, increased by 22% due to a combination of good organic growth across all divisions, a full year's contribution from Link and currency benefits. The Commercial Medicines operation was the largest beneficiary of the currency movements.

As planned, the percentage increase in administrative expenses was modestly higher than for gross profit. Contributing to the increase in overheads were a full year of Link's overheads, increased cost of overseas overheads on translation following the depreciation in sterling (c35% of employees are overseas), and increased spend to strengthen the infrastructure and management team to support the Group's long-term growth ambitions.

EBITDA from the JV in South Africa increased from £0.6m to £1.0m due to a full year's contribution this year.

The SBP charge, relating to long-term incentive plans, increased from £2.3m to £2.5m due to an increased number of people included in the schemes.

Adjusted EBITDA, shown excluding non-underlying costs and including EBITDA from the JV, increased by 21%, benefiting from the increase in gross profits. See note 3 of the financial statements for a reconciliation of adjusted EBITDA to the IFRS equivalent comparative.

RECONCILIATION OF ADJUSTED PROFIT BEFORE TAX TO REPORTED PROFIT BEFORE TAX

Year ended 30 June	2017 £m	2016 £m
Adjusted profit before tax	**62.1**	48.9
Link contingent consideration	**(29.1)**	(0.7)
Amortisation	**(18.6)**	(20.0)
Adjustment for fair value of acquired stock sold in the period	**(0.1)**	(4.6)
Tax on joint venture in South Africa	**(0.2)**	(0.2)
Acquisition costs	**–**	(1.4)
Restructuring costs	**–**	(5.6)
Impairment of intangible fixed assets	**–**	(0.5)
Total adjustments	**(48.0)**	(33.0)
Reported profit before tax	**14.1**	15.9

Adjusted results exclude amortisation and non-underlying costs. Adjusted EBITDA includes the 50% share of the EBITDA from the joint venture in South Africa. Adjusted results are now shown after share-based payments and the prior year has been restated accordingly.

FINANCE COST

The adjusted net finance cost, excluding the amounts relating to the increase in the earlier estimate for contingent consideration for Link and the associated unwind of the discount, was £2.4m (2016: £4.0m). This relates primarily to bank debt and the reduction is due to lower debt levels and lower interest rates applied as leverage decreases. The average interest charge on gross debt during the period was 1.5%.

The reported finance cost was £31.5m (2016: £4.7m), with the significant increase attributable to the increase in the estimate of the contingent consideration for Link.

The table on the previous page shows the reconciling items between the adjusted profit before tax of £62.1m (2016: £48.9m) and the reported profit before tax of £14.1m (2016: £15.9m).

The adjustments to profit before tax comprise £29.1m in finance costs relating to the increase in the earlier estimate for contingent consideration for Link and the non-cash interest charge unwind relating to the Link contingent consideration, amortisation of £18.6m (2016: £20.0m), the release of fair value profit margin on acquired inventory of £0.1m (2016: £4.6m) and the Company's share of the tax charge in the JV earnings of £0.2m (2016: £0.2m).

The £29.1m (2016: £0.7m) adjustment to the net finance charge is the increase in the earlier estimate for the contingent consideration for the Link business of £27.0m (2016: £nil) and the unwind of the discount applied to the contingent consideration payable in respect of Link of £2.1m (2016: £0.7m) (these items are described in more detail in the balance sheet section).

Amortisation was £18.6m (2016: £20.0m), of which £13.4m related to acquired intangibles, £4.4m related to the trademarks and licences of SP products, and £0.8m related to software. Amortisation relating to the Group ERP system currently being implemented is expected to begin towards the end of the current financial year after the system becomes operational.

The non-underlying costs last year included acquisition costs relating to Link, restructuring costs relating mainly to the integration of the Idis and Link acquisitions and the regulatory and compliance costs relating to the Vibativ product that has now been transferred back to Theravance Biopharma.

TAXATION

Taxation was £10.3m (2016: £2.4m), based primarily on the prevailing UK and US tax rates. This charge is calculated as £14.0m based on the adjusted profit of £62.1m, offset by a credit of £3.7m in respect to the adjusted items.

The adjusted effective tax rate remains unchanged at 23% (2016: 23%).

EARNINGS PER SHARE

Adjusted basic earnings per share, calculated excluding amortisation and non-underlying costs, increased by 25% to 41.8p (2016: 33.4p). The increase reflects the Group's higher adjusted profit from operations.

Reported basic earnings per share was 3.3p (2016: 11.9p) due to the revision to the earlier estimate of contingent consideration on the Link acquisition being charged to the income statement.

DIVIDEND

The Board is committed to a sustainable and progressive dividend policy and expects interim and final dividend payments to be split approximately one-third to two-thirds respectively.

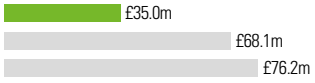
In view of the strong results, the Board proposes a final dividend of 3.4p per share (2016: 2.7p), resulting in an increase in the full year dividend of 25% to 5.0p per share (2016: 4.0p).

The final dividend will be paid, subject to shareholder approval, on 1 December 2017 to shareholders on the register on 10 November 2017.

"CASH FLOW PERFORMANCE WAS AGAIN STRONG IN THE YEAR, WITH CASH GENERATED FROM OPERATIONS OF £54.7M (2016: £49.4M."

NET DEBT (£M)

£35.0m



CASH FLOW AND NET DEBT

Cash flow performance was again strong in the year, with cash generated from operations of £54.7m (2016: £49.4m). As expected, net working capital increased by £9.6m due to the winding down in the first half of some large Managed Access contracts with favourable working capital characteristics, and the increase in scale in the business.

Capital expenditure was £8.8m (2016: £8.0m), of which £4.5m related to the Group ERP system, £2.1m related to SP products, including £1.0m deferred consideration on Totect, and £2.2m relating to other capital expenditure including spend on upgrading offices and warehouses following the Idis and Link acquisitions. As previously guided, capital expenditure has been higher than usual due to budgeted spend on the Group ERP system, which is currently being implemented.

The other main cash flows were tax paid of £6.9m (2016: £3.7m), interest paid of £1.7m (2016: £3.6m) and dividends paid of £4.9m (2016: £4.1m).

Overall net debt decreased £33.1m on last year to £35.0m.

BALANCE SHEET

Intangible assets decreased from £334.1m at 30 June 2016 to £332.5m, due to amortisation of £18.6m, offset by capital expenditure of £6.4m and foreign exchange adjustments of £10.6m.

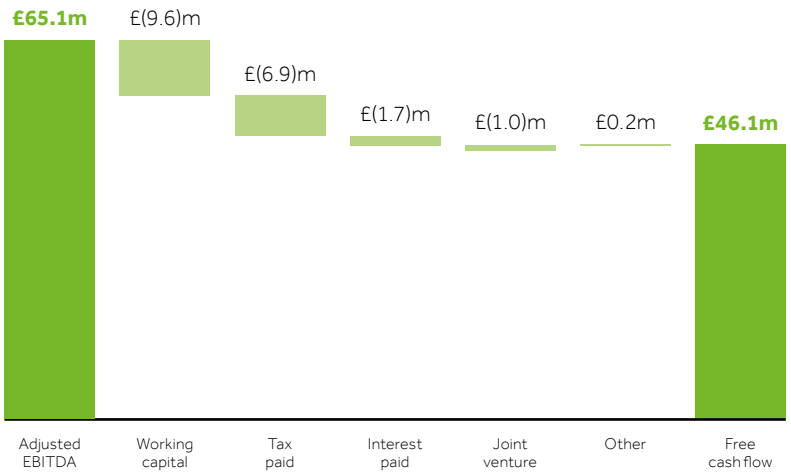
Net working capital increased to £4.4m (2016: £(4.2)m); for the reasons described above. The low levels of working capital in the business reflect a strong focus on credit control and working capital management.

Total deferred consideration is £41.8m (2016: £13.2m); £37.6m (2016: £8.5m) of this relates to the contingent consideration on the Link acquisition. The contingent consideration, which was subject to performance criteria of Link and is payable in October 2017 in cash, has been discounted and is calculated based on the results for the 12 months ended 30 June 2017.

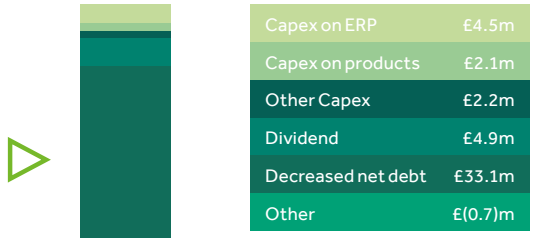
The increase is largely due to the depreciation in sterling, which results in an increase in the earnings of Link when the results for the performance period are translated into sterling for the purposes of calculating the earn-out, and, to a lesser extent, the appreciation of key local currencies which contributed to an improvement in Link's gross profit margin.

The remaining £4.2m (2016: £4.7m) of deferred consideration is in respect of further milestone payments on the previous year's product acquisitions.

OPERATING CASH FLOW



USES OF CASH FLOW



The adjusted EBITDA excludes non-underlying costs and includes the 50% share of the results from the joint venture in South Africa.

"THE GROUP'S FINANCE FACILITIES PROVIDE GOOD HEADROOM AND FLEXIBILITY TO SUPPORT OUR STRATEGY OF ADDING BOLT-ON ACQUISITIONS."

TREASURY MANAGEMENT

The Group's operations are financed by retained earnings and bank borrowings, and on occasion, the issue of shares to finance acquisitions.

As at 30 June 2017, the Group had a total bank facility of £122.0m, consisting of a five-year term repayment loan of £27.0m which matures in June 2020 and a revolving credit facility ('RCF') of £95.0m which is available until June 2020 and is renewable on a monthly basis. Covenant terms apply to the bank facilities comprising interest cover and adjusted leverage covenants.

At 30 June 2017, the fixed term loan was fully utilised at £27.0m (2016: £36.0m) and £36.9m (2016: £61.3m) was borrowed against the revolving credit facility. All borrowings are in sterling. There were no instances of default, including covenant terms in the year.

To finance the proposed acquisition of Quantum announced on 13 September 2017, the finance facility has been extended for five years and increased by £78m to £200m. To provide additional headroom, there is a further option to increase this facility to £220m for the first 12 months exercisable on completion of the Quantum acquisition. In the event that the deal does not complete, the finance facility will revert back to £122m.

The Group's finance facilities provide good headroom and flexibility to support our strategy of adding bolt-on acquisitions.

Borrowings at the end of the year are in sterling and are managed by the Group's UK based Treasury function, which manages the Group's treasury risk in accordance with policies set by the Board.

The Group reduces its exposure to currency fluctuations on translation by typically managing currencies at Group level using bank accounts denominated in foreign currencies. Where there is sufficient visibility of currency requirements, forward contracts are used to hedge exposure to foreign currency fluctuations. The Group's treasury function does not engage in speculative transactions and does not operate as a profit centre.

The Group has applied hedge accounting where permissible to match hedges to the transactions to which they relate and thereby reducing volatility in the results which may arise from gains and losses on hedging instruments.

PRINCIPAL RISKS FACING THE BUSINESS

Clinigen operates an embedded risk management framework, which is monitored and reviewed by the Board. There are a number of potential risks and uncertainties that could have a material impact on the Group's financial performance and position. These include risks relating to competitive threat, the regulatory environment, political environment, counterfeit product penetrating the supply chain, reliance on technology, reputational risk and foreign exchange. These risks and the Group's mitigating actions are set out on pages 28 and 29.

Managing our risk

The Group's principal risks, together with the management actions to mitigate the risk, are set out below. They are not in any order of priority and do not comprise all risks associated with the Group. The Group's approach to risk management is to identify key risks and then to develop actions or processes within the business to eliminate or mitigate those risks to an acceptable level. The internal controls are designed to manage risk rather than eliminate it.

The Board has responsibility for establishing and maintaining the Group's internal control systems. The Audit and Risk Committee monitors the Group's internal control and risk management and ensures compliance with laws and regulations. The Group Chief Financial Officer provides updates to the Board on the key risks and controls within the Group.

RISK	MANAGEMENT ACTIONS TO MITIGATE RISK	TREND
POLITICAL RISK **The Group's expanded global footprint has increased the exposure to adverse local political decisions, changes in regulation and economic events impacting the pharmaceutical industry, which may affect the ability to supply, local demand and/or pricing.** STRATEGIC LINK **4+5+6**	The Group mitigates this risk by having an increasingly broad product, service and geographical range, limiting the impact of events in any single territory. The Group continually monitors developments in key geographies and maintains strong relationships with regulatory bodies to enable the Group to respond rapidly to local changes in circumstances or events. The Group also takes account of political risk when assessing new contracts or product acquisitions. Brexit is not expected to have material adverse effects on the Group in the short term. Whilst the outcomes are not yet clear, the Group's flexible operating model, the team's deep understanding of multinational regulatory process and with 76% of revenues being from international markets, it is expected that any medium to long-term implications will be manageable.	△
COMPETITIVE THREAT **The Group faces a threat to its SP products from generic products and/or the development of alternative therapies by competitors. The Group's products are not typically protected by patents and competitor threat could significantly erode sales of our products. The threat of generic risk increases as a Group's product sales increase in size as increasing market size improves the viability for a potential generic product. The Group also faces competitive threat within the services operations.** STRATEGIC LINK **4+6**	The continued diversification of the Group reduces the overall effect if one of its products or services is impacted by significant change in the competitive landscape. Finding and promoting new users of our products and services and expanding into new geographies are a key part of our strategy and this helps mitigate the impact of competition in a particular geography treatment area or service. The Group closely monitors the competitive landscape in key markets to ensure a rapid and appropriate response to changes in competition.	△
SUPPLY CHAIN **Shortage of supply of our products could put patients at risk, damage the Group's reputation and impact profits.** STRATEGIC LINK **5+6**	The Group has effective supply chain management only working with trusted manufacturing and global distribution partners which the Group assesses regularly. The Group also seeks to maintain appropriate stock levels of its own products and related Active Pharmaceutical Ingredient ('API') to minimise the risk of shortage of supply.	▽
COMPLIANCE **Increased legislation and regulation could inhibit our ability to conduct business in certain jurisdictions and expose the Group to potential reputational damage and financial penalties.**	The Group has a business-wide compliance structure which is continually assessed. The Group has invested in well-resourced and expert centralised quality management and regulatory teams. In addition, a code is issued to all employees and is supported by training and an engagement programme to improve awareness of the Group's values of ethics, trust and quality. The Group is also regularly audited by customers and regulatory authorities to ensure compliance and acts to address any recommendations.	▷

KEY TO STRATEGIC PRIORITIES

1. Develop and retain talented people
2. Upgrade technology platform to drive organic growth
3. Expand and embed a global community of customers and opinion leaders
4. Expand portfolio of global and regional assets
5. Become the 'go to' global leader in ethical access to unlicensed medicines
6. Extend global footprint into remaining key markets

RISK	MANAGEMENT ACTIONS TO MITIGATE RISK	TREND
COUNTERFEIT PRODUCTS **The Group's reputation could be undermined through the supply of counterfeit products.** STRATEGIC LINK **5**	To the extent possible, the Group supplies its own products directly to hospitals and HCPs. The Group also has industry-leading quality management systems and audits supply partners where appropriate.	▷
RELIANCE ON TECHNOLOGY **The Group's dependence on technology in our day-to-day business means that systems failure and loss of data would have a high impact on our operations.** STRATEGIC LINK **2**	The Group's technology strategy is regularly reviewed to ensure that the systems it operates across the Group support its strategic direction. Ongoing asset lifecycle management programmes mitigate risks of hardware obsolescence whilst back-up procedures mitigate risk of data loss. The Group is currently undertaking an implementation of a new ERP system designed to make the business systems more efficient and scalable. The risk attached to this implementation has been mitigated by a significant amount of planning work, the employment of a specialist implementation partner and a robust governance structure managing the implementation.	△
DATA SECURITY **The Group often manages confidential personal data in the countries in which it operates. A material breach exposes the Group to potential legal, financial and reputational risks.** STRATEGIC LINK **2**	The Group has data protection policies and procedures in place to minimise the risk of data breach and leakage of confidential information. We continually assess these against the evolving regulatory environment.	▷
CYBER RISK **The Group relies on technology in our day-to-day business. These systems are potentially vulnerable to service interruptions and data breaches from attacks by malicious third parties, or from intentional or inadvertent actions by our employees. Failure to protect against the threat of cyber-attack could adversely impact the systems performing critical functions which could lead to a significant breach of security, jeopardising sensitive information and financial transactions of the Group.** STRATEGIC LINK **2**	The Group has invested in the protection of our data and IT from the increasing threat of cyber-attack. Cyber security procedures exist to minimise this risk.	NEW
FOREIGN EXCHANGE **The Group has significant operations and activities outside the UK and is therefore exposed to foreign exchange risk.** STRATEGIC LINK **4+5+6**	The Group's main operational currencies are sterling, euro, US dollar and, to a lesser extent, the South African rand and Australian dollar. The Group reduces its exposure to currency fluctuation on translation by typically managing currencies at Group level using bank accounts denominated in the principal foreign currencies for payments and receipts. The Group seeks to optimise the matching of currency surpluses generated to the foreign currency needs of the wider Group, and where there is a sufficient visibility of currency needs, forward contracts are used to hedge exposure to foreign currency fluctuations. The Group does not issue or use financial instruments of a speculative nature and the Group's treasury function does not act as a profit centre. The volatility of sterling as a result of Brexit discussions heighten the foreign exchange risk.	△

KEY TO TRENDS
△ Increasing ▷ No Change ▽ Decreasing

A socially responsible business

The Clinigen foundations are based on addressing unmet medical need and improving access to medicines. Through our global supply and distribution network we are able to navigate the regulatory hurdles to ensure we deliver the right medicine, to the right patient, at the right time. In the last financial year we shipped over three million unlicensed and licensed units, helping patients in over 100 countries.

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Underlying our business are corporate responsibility policies which must be followed for the Group to be sustainable and create long-term shareholder value.

CORPORATE, SOCIAL AND ETHICAL POLICIES

Clinigen recognises 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, through its management team and its experienced quality and regulatory department, audits all suppliers and manufacturers regularly to ensure they reach the standards set and responds 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 our expectations.

EMPLOYEES

The Group currently employs over 500 people in eight countries and is committed to a policy of equal opportunities in the recruitment, engagement and retention of employees. The multinational 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 enable promotion.

Age, colour, gender, disability, ethnic origin, national origin, marital status, sexual orientation, religious or political views are not seen as barriers to employment and are evidenced by the Group's diverse employment base. The Group would support employees if they were to become disabled whilst employed by the Group, and 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. The Group operates a culture of open communication through a range of two-way mediums including: monthly employee representative staff forums; newsletters; and regular Group updates from the CEO and CFO. The strategic objectives of the Group are communicated to the employees through the monthly updates and at the annual all-staff conference. The employees are encouraged to be a part of the Group's success through share ownership and the Group's employee share schemes.

The Group conducts an employee engagement survey every year and senior management takes the findings of the survey seriously and acts appropriately.

We recognise the importance of diversity, including gender, at all levels of the Company. The Group already has a strong female representation in both management and operational boards. On our management board, women comprise 50% of positions. In addition, out of 506 employees, approximately 62% are female. We continue to actively seek to recruit and advance women into our top management. In preparation for the introduction of mandatory gender pay gap reporting in 2016-2017, Clinigen will proactively investigate and address gender pay gaps.

Clinigen staff yacht racing during Cowes Week

ANTHONY NOLAN saving the lives of people with blood cancer

Clinigen supports Anthony Nolan

Clinigen staff taking part in the UK Challenge

MODERN SLAVERY ACT

The Group fully supports the aims of the Modern Slavery Act 2015 to eradicate human slavery and trafficking. In particular, the Group wishes to ensure that no child labour or servitude of any kind or human trafficking has been involved in the supply and distribution of products or services. This statement is made pursuant to Section 54, Part 6 of the Modern Slavery Act 2015 and sets out the steps the Company has taken to ensure that slavery and human trafficking are not taking place in our supply chains or in any part of our business.

The Group is a worldwide supplier and distributor of pharmaceutical products and services. As part of our initiative to identify and mitigate risk we have put in place, or are in the process of putting in place, systems to:

- Identify and assess potential risk areas in our supply chains
- Mitigate the risk of slavery and human trafficking occurring in our supply chains
- Monitor potential risk areas in our supply chains; and
- Protect whistle blowers

The Group will continue to review the position by a process of contract reviews, third-party audits and ongoing monitoring of our partners within the supply chain.

COMMUNITY

Clinigen participates in local community projects that 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. An example of this is the League Managers Association, with which we work to support local schools in their Football Association level coaching.

The Group has continued to support Foundation MEM over a number of years, which is a charity focusing on developing a better life for a village in Cameroon which is very close to some of our employees, and Anthony Nolan, a charity very relevant to Foscavir, the first product acquired in 2010. Anthony Nolan is the leading blood cancer charity in the UK; facilitating stem cell transplants to provide the chance of a cure for patients with leukaemia, lymphoma and other blood disorders. Clinigen has supported Anthony Nolan for a number of years and we're both focused on putting the patient at the heart of everything we do.

Clinigen works alongside patient group organisations in the Unlicensed Medicines operation. We believe greater patient involvement in personal healthcare needs and in the development of local and national healthcare provision is an important part of the future development of effective healthcare services.

The Group made no political donations during the year (2016: £nil) and made charitable donations of £5,000 (2016: £3,000).

HEALTH AND SAFETY

The Group recognises that health and safety has positive benefits to the organisation and that a commitment to a high level of safety makes good business sense. It also recognises that health and safety is a business function and must, therefore, continually improve, progress and adapt to change. To achieve this aim, appropriate levels of resource are allocated to ensuring a positive health and safety culture throughout the Company.

The Group approach to health and safety is based on the identification and control of risks. Adequate planning, monitoring and reviews of the health and safety policy are carried out in line with our Safety Management System to ensure continual improvement to our health and safety standards.

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.

PETER ALLEN
NON-EXECUTIVE CHAIRMAN

SHAUN CHILTON
CHIEF EXECUTIVE OFFICER

MARTIN ABELL
CHIEF FINANCIAL OFFICER

	PETER ALLEN NON-EXECUTIVE CHAIRMAN	SHAUN CHILTON CHIEF EXECUTIVE OFFICER	MARTIN ABELL CHIEF FINANCIAL OFFICER
APPOINTED	August 2012	Director in July 2013 and CEO in November 2016	Director in August 2015 and CFO in October 2015
COMMITTEES	**Nomination (Chairman),** Audit and Risk, Remuneration	None	None
PROFILE	Peter has a wealth of experience and has held key senior positions, including Chairman, CEO and CFO in a number of companies in the healthcare industry, and played a significant role in their growth. Peter spent 12 years at Celltech Group plc (1992–2004) as CFO and Deputy CEO, six years at ProStaken Group plc as Chairman (2007–2013) and interim CEO (2010–2011) and three years as Chairman of Proximagen Neurosciences plc (2009-2012).	Shaun joined Clinigen as COO in January 2012 before becoming Deputy CEO in July 2015 and CEO in November 2016. Shaun has responsibility for the Group achieving its key performance indicators and plays a central role in setting and executing the Group strategy. Shaun has over 25 years' international industry experience working in both global pharmaceutical companies and global healthcare service businesses. He has held a wide range of senior strategic, commercial and operational roles and has a long-term track record of growing international businesses and developing effective management teams. Prior to joining Clinigen, Shaun was the President within KnowledgePoint360 Group, a global pharmaceutical information and services operation.	Martin joined Clinigen in August 2015 and has over 19 years' experience working for international, listed companies. Before Clinigen, Martin worked for Hays plc, Europe's largest professional recruitment business. He began there as Head of Investor Relations and M&A before becoming Finance Director for the Continental Europe and Rest of World division, which operated across 21 countries with revenues of over £1bn. Prior to that, Martin held several financial roles at the FTSE 100 logistics group, Exel plc (now part of Deutsche Post), including Financial Controller of two of the UK divisions. He is a qualified Chartered Accountant, having trained at PwC in the M&A Transaction Services team.
EXTERNAL APPOINTMENTS	Peter is currently Chairman of Advanced Medical Solutions Plc, Future Plc and Diurnal Plc and Non-Executive Director of Oxford Nanopore Technologies Ltd and Macrotarg Ltd.	None	None

PETER GEORGE
NON-EXECUTIVE DIRECTOR

November 2016

None

Peter joined Clinigen as CEO when it formed 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 utilising 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.

Peter was CEO of the Year in the 2014 European Mediscience Awards.

Peter retired as CEO in November 2016 and remained on the Board as a Non-Executive Director.

Peter is currently a Non-Executive Chairman of Ergomed Plc, and Non-Executive Director of Mitre Group Ltd, the Centre for Leadership and Management Ltd and XPG Ltd.

JOHN HARTUP
NON-EXECUTIVE DIRECTOR

May 2011

Audit and Risk (Chairman),
Nomination, Remuneration

John has over 30 years' experience as a corporate lawyer, dealing with corporate finance and commercial contract issues across a number of industries. He was formerly Managing Partner at Ricksons LLP and subsequently became a Partner at DWF LLP.

John is currently a Director of Wichtig International Ltd.

IAN NICHOLSON
NON-EXECUTIVE DIRECTOR

September 2012

Remuneration (Chairman),
Audit and Risk, Nomination

Ian has considerable experience as both an Executive Director and as a Non-Executive Director. Ian is CEO of F2G Limited.

Ian currently holds positions as Non-Executive Director of Consort Medical plc and Bioventix plc, where he is the Non-Executive Chairman. Ian is also Chairman of the Investment Committee at Cancer Research UK Pioneer Fund, Director of Casewell Consulting Ltd, F2G Ltd, and Wells Stores Ltd, and an Operating Partner at Advent Life Sciences LLP.

JOHN BACON
NON-EXECUTIVE DIRECTOR

October 2015

None

Previously Chairman of Link Healthcare, John Bacon founded the organisation in the 1990s, thereby pioneering the supply of specialist pharmaceuticals in the Australasian markets. He has qualifications in both science and business and prior to forming Link Healthcare, held senior positions in both fields across the Asia Pacific region.

John is currently a Director of Anggatha Pty Ltd, Budburst Capital Pty Ltd, JK & LJ Superannuation Management Pty Ltd, Ingenia Pty Ltd and Ingenia Developments Pty Ltd.

Chairman's introduction to governance

"THE GOVERNANCE OF THE GROUP CONTINUES TO BE A HIGH PRIORITY FOR THE BOARD. WE BELIEVE THAT EFFECTIVE CORPORATE GOVERNANCE WILL ASSIST THE DELIVERY OF THE CORPORATE STRATEGY, THE GENERATION OF SHAREHOLDER VALUE AND PROTECT THE SHAREHOLDERS' LONG-TERM INTERESTS."

PETER ALLEN
Non-Executive Chairman
27 September 2017

I am pleased to present you with the Governance section of the 2017 Annual Report.

During the year some significant changes were made to the composition of the Board. After six years as CEO, Peter George stepped down to become a Non-Executive Director. Peter had done a tremendous job in developing and growing Clinigen during his tenure. Peter built the business from a small private company to a leading global pharmaceutical products and services business. Shaun Chilton, who had been Deputy CEO since July 2015 and before that Chief Operating Officer for over three years, replaced Peter as CEO. Shaun had been closely involved in Clinigen's development prior to his appointment as CEO and has the international industry knowledge, expertise and leadership skills to take this business forward.

Separately Robin Sibson, who had served as Non-Executive Director since 2015, retired from the Board in November 2016.

The Board continues to assess that its membership has the right qualities required to operate within a robust governance structure which the Board believes fits the requirements of the Group. This structure makes the business stronger to ensure the right decisions are made to help support and deliver the Group's strategy, and protect shareholders interests.

Implementation of the strategy has been a significant area of focus in our Board meetings during the year and Shaun and his management team have provided us with regular updates allowing the Board to inform our view on the successes and challenges throughout the Group.

Principle risks facing the Group have also been in particular focus this year. Details of our principal risks are set out on pages 28 to 29. Our reliance on IT and the security around it has increased this year. The Group is currently undertaking an implementation of a new ERP system and the threat from cyber-attack has increased. IT governance and security procedures, along with the other principle risks are continually assessed by the Audit Committee.

The Group has achieved another strong financial performance during the year and the Board and I are pleased with the progress made against the strategic priorities. In view of the strong results, the Board proposes a final dividend of 3.4p per share (2016: 2.7p), resulting in an increase in the full year dividend of 25% to 5.0p per share (2016: 4.0p).

Priorities for the Board in 2018 include continually assessing progress against the strategic priorities, ensuring that they are supported by appropriate governance structures, and strengthening the Board membership with independent Non-Executive Directors where it is deemed necessary.

Thank you for your continued support and I look forward to meeting any shareholders who can join us at our AGM on 28 November 2017.

Corporate governance statement

As a company listed on AIM, the Group is subject to the AIM Rules for Companies, however, the Group is not required to comply with the UK Corporate Governance Code (the 'Code'). The Board believes that effective corporate governance will assist the delivery of the corporate strategy, the generation of shareholder value and protect the shareholders' long-term interests. Clinigen values corporate governance highly, not only in the Boardroom but across the whole business. The Board, as a matter of good practice, aims to manage the Group in accordance with guidance contained in the Code, as applicable, in addition to complying with the AIM Rules for Companies. The following section outlines how the Board manages the Group's governance.

THE BOARD AND COMPOSITION

The Board consists of two Executive Directors and five Non-Executive Directors, including the Chairman. The names of the Directors and their biographies are set out on pages 32 and 33.

The Board is satisfied with its composition and the balance between Executive and Non-Executive Directors.

The Group seeks to recruit the best candidates at Board level and considers candidates on merit and against objective criteria and with due regard for the benefits of diversity on the Board (including gender), taking care that appointees have sufficient time available to allocate to the position. The Group supports the Code in respect of diversity.

Peter George stood down as CEO in November 2016, but remained on the Board as a Non-Executive Director. Shaun Chilton, on the Board since July 2013, took over as CEO in November 2016. At the same time, Robin Sibson retired as a Non-Executive Director.

Each Director appointed by the Board is subject to election by the shareholders at the first AGM after their appointment. Following advice from the Nomination Committee, the Board has concluded that each Director is qualified for election or re-election.

The Board is responsible to the Company's shareholders with its main objective to increase the value of assets and long-term sustainability of the Company. The Board reviews business opportunities and determines the risks and control framework. It also makes decisions on budgets, Group strategy and major capital expenditure. The day-to day management of the business is delegated to the Executive Directors.

The Board meets regularly throughout the year, with agendas, Committee papers and other appropriate information distributed prior to each meeting to allow the Board to meet its duties.

Effective procedures are in place to deal with conflicts of interest. Other interests and commitments of Directors are known by the Board and any changes to their commitments are reported.

The Board has established a Nomination Committee, Audit and Risk Committee, and Remuneration Committee with each having separate duties and responsibilities. The Audit and Risk Committee and Nomination Committee hold a joint session during the year to cover areas of common interest to both Committees.

NOMINATION COMMITTEE

The Chairman of the Nomination Committee is Peter Allen, with John Hartup and Ian Nicholson the other members of the Committee. The primary role of the Committee is to regularly review the structure, size and composition of the Board, give full consideration to succession planning for Directors and other senior executives and evaluate the balance of skills, knowledge, experience and independence on the Board. The Committee meet at such times as the Chairman of the Committee requires.

AUDIT AND RISK COMMITTEE

The Chairman of the Audit and Risk Committee is John Hartup, with Peter Allen and Ian Nicholson the other members of the Committee. The primary role of the Committee is to monitor, review and challenge the financial statements and regulatory environment, monitor the relationship with the external auditor, monitor the Group's internal control and risk management and ensure compliance with laws and regulations. The Committee meets at least two times a year. The committee carefully considers the key judgments applied in preparation of the consolidated financial statements including the estimated future discounted cash flows supporting the carrying value of goodwill and intangibles, the value and presentation of the Link contingent consideration liability and the going concern assumption. Each of the relevant estimates and judgments have been confirmed as appropriate.

REMUNERATION COMMITTEE

The Chairman of the Remuneration Committee is Ian Nicholson, with Peter Allen and John Hartup the other members of the Committee. The primary role of the Committee is to determine and agree the remuneration of the Company's Chairman, CEO, Executive Directors and senior managers, with the objective to ensure there is an appropriate remuneration strategy in place to encourage enhanced performance and reward for individual contributions to the success of the Company. The Committee also reviews the design of all Group share incentive plans and oversees major changes to employee benefit structures across the wider business. The Committee reviews the performance targets regularly to ensure that they are both challenging and closely linked to the Group's strategic priorities. The Group's remuneration policy is set out in the 2017 Annual Report (pages 36–38).

RISK MANAGEMENT AND INTERNAL CONTROL

The Board has responsibility for establishing and maintaining the Group's internal control systems. The Board regularly review, and evaluates internal controls, ensuring they meet the needs of the Group. The internal controls are designed to manage risk rather than eliminate it and therefore cannot provide absolute assurance against material misstatement or loss. Primary responsibility for reviewing internal controls has been delegated to the Audit and Risk Committee.

COMMUNICATION WITH INVESTORS

The Board realises effective communication with shareholders on strategy and governance is an important part of its responsibilities. Interim and final results are communicated via formal meetings with roadshows, participation in conferences and additional dialogue with key investor representatives held in the intervening periods. Care is taken to ensure that all price-sensitive information is made available at the same time.

SHARE DEALING

The Company has established a share dealing code appropriate to an AIM listed company, and all the Directors of the Group understand the importance of compliance to the Code.

AGM

The Company's AGM is used by the Board to communicate with shareholders, who are all entitled to attend. The presentation of the results will be given by the CEO, followed by the formal business of the meeting. The meeting provides an opportunity to ask questions of each of the Board members as part of the agenda, or more informally after the meeting.

The Notice of AGM and all related papers are sent to each shareholder at least 20 working days before the meeting. The outcomes of the voting on resolutions are announced to the London Stock Exchange via the Regulatory News Service and added to the Clinigen website.

WHISTLEBLOWING

We remain confident that we have robust and effective whistleblowing procedures in place to respond to matters that may arise.

Remuneration report

The Directors' Remuneration Report's regulatory requirements under Main Market UK listing Rules do not require compliance by AIM quoted companies. The Group makes the following disclosures voluntarily.

The Group's remuneration policy will be put forward, on an advisory basis, for shareholder approval at the AGM to be held on 28 November 2017. The current policy came into effect following the AGM on 11 November 2016.

REMUNERATION POLICY

The remuneration policy has been constructed to offer appropriate, competitive remuneration to attract, retain and motivate senior executives to avoid excessive or inappropriate risk-taking and encourage them to implement the Group's strategy for the benefit of long-term shareholder value.

The Board believes in pay for performance against challenging targets and stretching goals. The approach is to set base salaries around the median for our comparator group. A significant proportion of the total remuneration package is variable and linked to corporate performance. In setting Directors' remuneration, the Committee takes account of the remuneration of other companies of similar size and complexity. The Committee also takes into account the pay and employment conditions of all our employees.

The Committee determines the remuneration policy for the Executive Directors, senior managers and the Chairman.

The Committee reviews the performance targets regularly to ensure that they are both challenging and closely linked to the Group's strategic priorities. Furthermore, because a large part of the remuneration package is delivered in shares, they are directly exposed to the same gains or losses as all other shareholders.

The Committee ensures that the incentive structure for senior executives does not raise environmental, social or governance risks by inadvertently motivating irresponsible behaviour. Part of the annual bonus depends upon an assessment of each senior executive's personal contribution to Company measures, including results of the regular employee surveys and health and safety outcomes.

EXECUTIVE DIRECTORS

The Executive Directors' remuneration consists of five components to ensure there is a balance between fixed and performance-related remuneration. The details are set out below:

BASE SALARY

Purpose and link to strategy: to provide a core reward for undertaking the role, positioned at a level needed to recruit and retain the talent required to develop and deliver the business strategy.
Operation: the Remuneration Committee sets base salaries taking into account a range of factors including:

- the individual's skills, performance and experience
- internal relativities and wider workforce salary levels
- external benchmark data
- the size and responsibility of the role
- the complexity of the business and geographical scope; and
- economic indicators

Maximum opportunity: there are no maximum levels set although increases will normally be in line with the typical level of increases awarded to other employees at Clinigen and will be a reflection of the individual's performance.

The Remuneration Committee may award increases above this level in certain circumstances, including if there is an increase in the scope of roles and responsibilities.

ANNUAL BONUS

Purpose and link to strategy: to support the delivery of the Group's annual business plan. The focus is on the delivery of the annual financial, strategic, customer and people KPIs.
Operation: performance targets are approved annually by the Remuneration Committee. The Remuneration Committee exercises its judgement to determine awards at the end of the year to ensure that the outcome is fair in the context of overall Group performance and against personal goals. For Executive Directors, an element of bonus above a certain threshold of salary may be deferred. The deferral period will be one year.
Maximum opportunity: the maximum award opportunity in respect of any financial year is based on role and is up to 125% of salary.
Performance metrics: performance is measured against a range of key financial metrics, strategic, customer and people indicators and personal performance. Performance is measured over 12 months.

LONG-TERM INCENTIVE PLAN ('LTIP')

Purpose and link to strategy: to reward participants for the delivery of the Group's goals of driving shareholder value through measures such as the Group's earnings per share ('EPS') and total shareholder return ('TSR').
Operation: award of shares subject to performance measured over a three-year period. Performance targets are set annually for each three-year cycle by the Remuneration Committee. Awards are subject to review by the Remuneration Committee at the end of the three-year performance period to confirm that vesting of the award is appropriate. Unvested awards are subject to malus.
Maximum opportunity: the maximum award opportunity is based on role. The maximum award possible under the plan rules is 300% of salary but may rise to 400% in exceptional circumstances. Awards above 100% are unusual and usually a one-off award per individual.
Performance metrics: vesting of the award is based on a combination of the following Group performance measures:

- cumulative Group EPS compared to targets
- cumulative Group TSR compared to FTSE Small Cap Index (ex Investment Trusts)
- personal objectives

The split between these measures, for each grant, is set annually by the Remuneration Committee. In 2016, 40% of the award was based on EPS, 40% on TSR and 20% on personal objectives. The personal objectives component can only vest if a minimum EPS requisite is achieved.

PENSION

Purpose and link to strategy: to provide a competitive, flexible retirement benefit in a way that does not create an unacceptable level of financial risk or cost to the Group.
Operation: Executive Directors are auto-enrolled into a defined contribution pension plan and are offered the alternative of a cash allowance. Legacy arrangements will continue to be honoured.
Maximum opportunity: employer contribution into the Group's defined contribution pension plan of up to 15% of salary.

OTHER BENEFITS

Purpose and link to strategy: to provide market-competitive monetary and non-monetary benefits, in a cost-effective manner, to assist employees in carrying out their duties efficiently.
Operation: Executive Directors are provided with a package of core benefits, including private healthcare, health screening, death in service protection, disability benefit and reimbursement of membership fees of professional bodies. The Company also operates a sharesave scheme. This scheme is open to all permanent employees of the Group who have completed the requisite length of service at the launch of each award.

Maximum opportunity: there is no maximum value of the core benefit package as this is dependent on the cost to the employing company and the individual's circumstances.

PAYMENT FOR LOSS OF OFFICE

In a departure event, the Committee will typically consider whether any element of bonus should be paid for the financial year. Generally, any bonus, if paid, will be limited to the period served during the financial year in which the departure occurs. The Committee will consider whether any of the share element of deferred bonus awarded or LTIP in prior years should be preserved either in full or in part and whether any deferred cash payments should be preserved either in full or in part.

The Committee has a discretionary approach to the treatment of leavers, on the basis that the facts and circumstances of each case are unique. The overriding approach to payments for loss of office is to act in the shareholders' interests. The default position is that an unvested share award, LTIP or cash entitlement lapses on cessation of employment. This provides the Committee with the maximum flexibility to review the facts and circumstances of each case, allowing differentiation between good and bad leavers and avoiding payment for failure. When considering a departure event, there are a number of factors which the Committee takes into account. These include:

- the position under the relevant plan documentation
- the individual circumstances of the departure
- the performance of the Company/individual during the year to date; and
- the nature of the handover process

In some cases, the treatment is formally prescribed under the rules of the relevant plan so that where there are good leaver circumstances awards, which would otherwise lapse by default, awards may vest either on the normal vesting date or on cessation of employment. These circumstances may include death, injury, ill-health, disability, redundancy or sale of the Company or business.

NON-EXECUTIVE DIRECTORS

The Board aims to recruit high-calibre Non-Executive Directors, with broad commercial, international or other relevant experience. Each Non-Executive Director has an appointment letter setting out the terms of his or her appointment. They do not have service contracts. The letter includes membership of any Board Committees, the fees to be paid and the time commitment expected. Appointments are for an initial period of three years. During that period, either party can give the other at least three months' notice of termination. All Board appointments automatically terminate in the event of a Director not being elected or re-elected by shareholders at the AGM each year. The appointment of a Non-Executive Director is terminable on notice by the Company without compensation. At the end of the period, the appointment may be continued by mutual agreement. The appointment letter also covers matters such as confidentiality, data protection and Clinigen's share dealing code.

Non-Executive Directors cannot individually vote on their own remuneration. Non-Executive Director remuneration is reviewed by the Chairman and the Executive Directors, and discussed and agreed by the Board. Non-Executive Directors may attend the Board discussion but may not participate in it.

Details of the service agreements for the Executive Directors and letters of appointment for the Non-Executive Directors are set out below:

	Date of contract	Unexpired term (months) or rolling contract	Notice period (months)
S Chilton	3 January 2012	Rolling	12
M Abell	3 August 2015	Rolling	6
P Allen	1 August 2012	Rolling	3
P George	1 July 2010	Rolling	3
J Hartup	1 June 2011	Rolling	3
I Nicholson	1 September 2012	Rolling	3
J Bacon	30 October 2015	Rolling	3
R Sibson	1 January 2016	Stood down 11 November 2016	

ANNUAL REPORT ON REMUNERATION

The Executive Directors' and Non-Executive Director's remuneration for 2017 and 2016 are set out below:

	2017					2016				
£'000	Salary/fees	Bonus	LTIP	Other	Total	Salary/fees	Bonus	LTIP	Other	Total
S Chilton	**360**	**400**	**1,548**	**41**	**2,349**	228	242	2,828	40	3,338
M Abell	**258**	**275**	**–**	**28**	**561**	190	177	–	20	387
P Allen	**125**	**–**	**–**	**5**	**130**	80	–	477	4	561
P George[1]	**191**	**–**	**–**	**8**	**199**	413	–	5,655	35	6,103
J Hartup	**65**	**–**	**–**	**–**	**65**	50	–	–	–	50
I Nicholson	**65**	**–**	**–**	**–**	**65**	48	–	–	–	48
J Bacon	**57**	**–**	**–**	**–**	**57**	32	–	–	–	32
R Sibson[2]	**19**	**92**	**–**	**–**	**111**	131	–	–	20	151

1 Peter George stood down as Chief Executive Officer to become a Non-Executive Director in November 2016.
2 Robin Sibson stood down from the Board in November 2016. Bonus relates to tenure as Chief Financial Officer.

There were three Directors (2016: three) who were members of the defined contribution pension scheme.

Following his promotion to Chief Executive Officer in November 2016, Shaun Chilton's annual base salary is £400,000. Martin Abell's annual base salary is £275,000.

The amount payable to the highest paid Director in respect of emoluments was £2,349,000 (2016: £6,103,000), comprising basic salary and bonus of £760,000 (2016: £413,000), long-term share incentive-based payments of £1,548,000 (2016: £5,655,000) and other benefits made on their behalf of £41,000 (2016: £35,000).

BONUSES

The Executive Directors were eligible to earn a bonus of up to 125% of salary, based on the achievement of stretching underlying Group EBITDA targets and personal objectives. Group EBITDA targets unlock up to 70% of maximum bonus potential, whilst personal objectives unlock up to 30%. For the year, the annual performance bonus for the Executive Directors was 100% of their basic salary. 10% of the bonus earned is being deferred for one year in line with the stated policy.

SHARE OPTIONS

Awards were granted in September 2013, October 2013 and March 2014 which vested in September 2016.

Awards were granted to the Executive Directors as part of the LTIP in September 2015, with vesting of the awards subject to the performance conditions as described in the policy earlier.

Awards were also granted to the Executive Directors under the LTIP in October 2016, with vesting of the awards subject to performance conditions as described in the policy earlier.

During the year, share options that were issued to and exercised by the Executive Directors as part of the LTIP are set out in the table below.

During the year, share options that were issued to and exercised by the Executive Directors as part of the LTIP are set out in the table below:

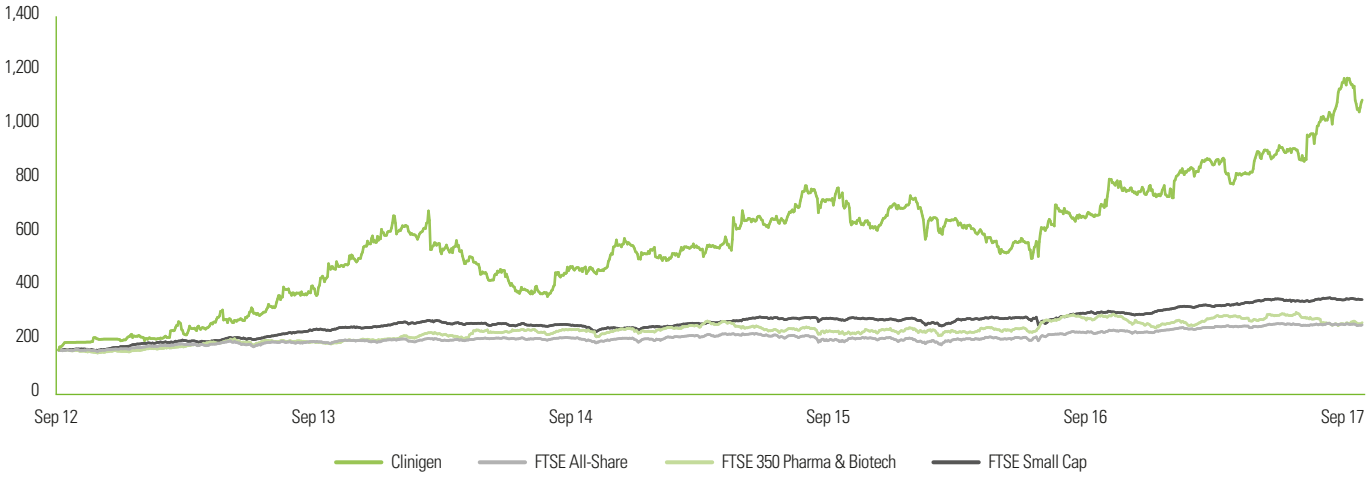
	Plan	30 June 2016	Exercised	Issued	30 June 2017
S Chilton	Clinigen Group Long-Term Incentive Plan	250,200	206,389	–	43,811
	Clinigen Group Long-Term Incentive Plan 2015	36,182	–	159,893	196,075
M Abell	Clinigen Group Long-Term Incentive Plan 2015	123,172	–	36,642	159,814
	Clinigen Group Sharesave Plan	3,846	–	–	3,846

All share options are over the Company's Ordinary Shares of 0.1p each.

TOTAL SHAREHOLDER RETURN

In the five years since IPO on 24 September 2012 until 22 September 2017, the Group's TSR, defined as share price growth including reinvested dividends, has outperformed the FTSE All Share Index by 508%, the FTSE 350 Pharma and Bio Index by 502% and the FTSE Small Cap Index (ex Investment Trusts) by 451%.

TSR (p, rebased to clinigen)



REMUNERATION POLICY IN 2018

The Committee does not anticipate any significant changes to the remuneration policy in 2018, but it will continue to review the salaries and benefits of the Executive Directors throughout the year.

Along with the salary review timetable for the Company as a whole, the Executive Directors' salaries for 2018 will be determined in April 2018. Any increases to the Executive Directors' salaries are expected to be in line with the average UK employee, other than where a larger increase is awarded to reflect additional duties.

No changes are proposed to the Non-Executive Directors' fees for 2018.

Report of the Directors

FOR THE YEAR ENDED 30 JUNE 2017

The Directors present their report together with the Strategic Report and the audited consolidated financial statements for the year ended 30 June 2017.

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 and services company headquartered in the UK, with offices in the US, South Africa, Australia, New Zealand, Japan, Hong Kong and Singapore. The Parent Company is a holding company for the Group, holding the product portfolio of intangible assets of the Group and providing management services for the other Group companies which undertake the Group's three operations.

Due to the completion of the earn-out attached to the Link acquisition, the Group has been reorganised into three operations: CTS, Unlicensed Medicines and Commercial Medicines.

CTS is the global market leader in the specialist supply and management of quality-assured comparator medicines and services to clinical trials and IITs.

The Unlicensed Medicines business encompasses the previous Idis Managed Access division, Idis Global Access and the unlicensed business within Link. Unlicensed Medicines is the global leader in ethically sourcing and supplying unlicensed medicines to hospital pharmacists and physicians for patients with a high unmet medical need. The operation manages early access programmes to innovative new medicines and provides 'on-demand' access globally to medicines which remain unlicensed at the point of care.

The Commercial Medicines business encompasses the previous Specialty Pharmaceuticals division and the commercial business within Link. Commercial Medicines acquires global rights to niche hospital-only and critical care products, revitalising these assets around the world and returning them back to sustained growth. The operation also provides access to licensed and branded generic medicines in the Africa and Asia Pacific region.

The three operations work in synergy to attain our primary aim of supplying 'the right medicine, to the right patient, at the right time'.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The business review is included within the operational review and can be found on pages 18 to 23.

KPIs

The Group's KPIs are discussed in the Strategic Report. The directors consider the KPIs by operations to include revenue, gross profit, units shipped and countries shipped to. Group KPIs are revenue, adjusted gross profit, adjusted EBITDA, net debt/cash, adjusted basic earnings per share and dividend per share.

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 programme 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 reduces its exposure to currency fluctuations on translation by managing currencies at Group level using bank accounts denominated in foreign currencies. Where there is sufficient visibility of currency requirements, forward contracts are used to hedge its exposure to foreign currency fluctuations.

Further detail is provided in note 20 of the consolidated financial statements.

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 may be taken advantage of. The policy will also be applied for 2018.

DIVIDEND

As explained in the CFO statement, the Directors propose a final dividend of 3.4p per share, subject to approval at the AGM on 28 November 2017. The dividend will be payable on 1 December 2017 to all shareholders on the register at 10 November 2017. Together with the interim dividend of 1.6p per share paid on 13 April 2017, this makes a combined dividend for the year of 5.0p per share (2016: 4.0p per share).

EVENTS AFTER THE REPORTING DATE

On 13 September 2017, the Group announced the proposed acquisition of Quantum valued at 82p per Quantum share (37p in cash and 0.0405 new Clinigen shares) totalling £150.3m for the entire diluted share capital. It is intended that the acquisition will be effected by means of a court-sanctioned scheme of arrangement which is subject to the agreement by Quantum shareholders.

To finance this proposed acquisition, the Group's bank facility has been extended for 5 years to 2022 and increased to £200m, with an option to increase the facility to £220m for 12 months exercisable on completion of the Quantum acquisition. The term loan has been repaid in full with the extended facility consisting entirely of RCF. In the event that the acquisition does not complete, the bank facility will revert back to £122m.

DIRECTORS AND APPOINTMENT OF DIRECTORS

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

S Chilton	
M Abell	
P Allen	(Non-Executive Chairman)
P George	(Non-Executive) (stood down as CEO in November 2016)
J Hartup	(Non-Executive)
I Nicholson	(Non-Executive)
R Sibson	(Non-Executive) (stood down in November 2016)
J Bacon	(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. M Abell, Chief Financial Officer and I Nicholson, Non-Executive Director, will be retiring by rotation and offering themselves for re-election at the AGM to be held on 28 November 2017.

DIRECTORS' INTERESTS

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

	Number of shares at 30 June 2017	Number of shares at 1 July 2016
P George	**2,814,242**	5,557,242
J Bacon	**530,767**	930,767
S Chilton	**412,943**	303,800
P Allen	**47,232**	45,732
M Abell	**19,404**	19,404
J Hartup	**10,000**	10,000
I Nicholson	**10,000**	10,000
Total	**3,844,588**	6,876,945

There has been no change in the interests set out above between 30 June 2017 and 27 September 2017.

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 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; and
- 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 UK 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 the 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 European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Group; and
- the Strategic 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 policies relating to employees are discussed in the Corporate Responsibility section of the Strategic Report.

POLITICAL DONATIONS

In line with the established policy, the Group made no political donations.

Although the Group does not make, and does not intend to make, political donations, the definition of political donations under the Companies Act 2006 includes broad and potentially ambiguous definitions of the terms 'political donation' and 'political expenditure', which may apply to some normal business activities which would not generally be considered to be political in nature.

As in previous years, a resolution will be proposed at the AGM seeking shareholder approval for the Directors to be given authority, to make political donations and/or to incur political expenditure, in each case within the meaning of the Companies Act 2006 for no more than £50,000. The Directors wish to emphasise that the proposed resolution is sought on a purely precautionary basis in order to avoid inadvertent contravention of the Companies Act 2006. The Board has no intention of entering into any party political activities.

PROVISION OF INFORMATION TO THE AUDITOR

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 is 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 28 November 2017, together with an explanation of the resolutions to be proposed at the meeting, is contained in a separate circular to shareholders.

INDEPENDENT AUDITORS

The auditor, PricewaterhouseCoopers LLP, has expressed its willingness to continue in office and a resolution to reappoint it will be proposed at the forthcoming AGM.

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

MARTIN ABELL
Chief Financial Officer
27 September 2017

Independent auditors' report

TO THE MEMBERS OF CLINIGEN GROUP PLC

REPORT ON THE AUDIT OF THE GROUP FINANCIAL STATEMENTS

OPINION

In our opinion, Clinigen Group plc's group financial statements (the "financial statements"):

- give a true and fair view of the state of the group's affairs as at 30 June 2017 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRS"s) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Accounts (the "Annual Report"), which comprise: the consolidated statement of financial position as at 30 June 2017; the consolidated income statement and consolidated statement of comprehensive income, the consolidated statement of cash flows, and the consolidated statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

OUR AUDIT APPROACH

Overview

- Overall group materiality: £2.1 million (2016: £1.4 million) which represents 5% of profit before tax before the deduction of non-underlying items save for amortisation relating to the intangible assets.

- Following our assessment of the risks of material misstatement of the Group financial statements we performed audits of the complete financial information of seven reporting entities and specific audit procedures in a further one reporting unit.
- In addition, certain centralised functions, including those covering contingent consideration, derivative financial instruments, corporate taxation, and goodwill and intangible asset impairment assessments were audited.
- The components on which audits of the complete financial information and centralised work was performed accounted for 96% of Group revenue.
- As part of our supervision process, the Group engagement team has been responsible for the audit of all significant components and for all of the in scope UK reporting locations, visited the component auditors in South Africa and discussed the approach and findings of the component auditors in Australia.

Our assessment of the risk of material misstatement also informed our views on the areas of particular focus for our work which are listed below:

- Assessment of the carrying value of acquired intangible assets and goodwill.
- Assessment of the amount recognised relating to the contingent consideration arising from the acquisition of Link Healthcare Private Limited in October 2015.

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Independent auditors' report
continued

TO THE MEMBERS OF CLINIGEN GROUP PLC

Key audit matters
Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Assessment of the carrying value of acquired intangible assets and goodwill Refer to the critical accounting estimates and judgements in note 2 to the accounts, and note 11 (Intangible assets). We focused on this area because the Directors' assessment of whether impairment triggers have been identified that could give rise to an impairment charge in relation to intangible assets and goodwill, involved complex and subjective judgements and assumptions including the progress and future performance of individual products, in addition to the ongoing business activities of acquired entities. The Directors have prepared impairment assessment models which include a number of assumptions. The assumptions which are deemed to be the most significant in respect of these models are the long term growth and discount rates.	For each separate intangible asset, including goodwill, we focused on the key assumptions relating to future revenue forecasts, margin expectations and associated selling costs. We were able to evaluate the reasonableness of the Directors' forecasts and expectations including the impact upon terminal values by agreeing changes in growth assumptions to corroborating evidence and assessing the margin and selling costs expected to be achieved by reference to historical margins realised, selling cost improvement plans and, where relevant, consideration of actual performance against prior year forecasts. We validated the inputs used by the Directors to calculate the discount rate applied by using our valuation specialists to compare this to the cost of capital for the Group and a selection of comparable organisations. The Directors' key assumptions for long term growth rates were also compared to economic and industry forecasts for reasonableness. We assessed, through the performance of sensitivity analysis over the key assumptions above, the extent of change in those assumptions that either individually or collectively would be required for any potential impairment charges, to have a material impact on the carrying value of the acquired intangible assets and goodwill. We also assessed the likelihood of such changes occurring. As a result of our audit work, we determined that the Directors' assessment that no impairment charge is required to be recognised and the associated judgements taken were supportable.
Link contingent consideration Refer to the critical accounting estimates and judgements in note 2 to the accounts. The directors have reconsidered their estimate of the contingent consideration that is likely to be payable in relation to the acquisition of Link which was completed in October 2015. Based on the information currently available to them, they considered the provision in light of their current expectations as to the amount of consideration which they believe will be payable in October 2017 based on the EBITA performance to the end of the earn-out period in June 2017 adjusted for certain items as agreed between the Group and the vendors. The final calculation is sensitive to relatively small movements in EBITA and therefore represents an area of focus.	We understood the basis of the contingent consideration accrual and performed audit procedures on the EBITA performance of Link to 30 June 2017 as presented in the completion accounts. We recalculated the contingent consideration by agreeing the EBITA to the performance targets in the sales and purchase agreement. We considered the presentation of the contingent consideration as a non-underlying finance cost in the statement of comprehensive income and concluded that it met the definition of non-underlying given the size and one-off nature of it. We understood the driving factors in the EBITA performance and reviewed management's calculation of the foreign exchange impact on the performance and the retranslation of the liability into sterling.

How we tailored the audit scope
The Group is structured along five segments, being Clinical Trial Services, Managed Access, Global Access, Specialty Pharmaceuticals and Link Healthcare, with each division set up to manage operations on both a regional and functional basis, consisting of a number of reporting entities.

The group financial statements are a consolidation of 11 active reporting entities comprising the Group's operating businesses and centralised functions. These reporting units maintain their own accounting records and controls and report to the head office finance team in the UK.

In establishing the overall approach for the Group audit, we determined the type of work that needed to be performed at each reporting unit and used PwC network firms, outside of the UK, operating under our instruction, who are familiar with the local laws and regulations in each of these territories to perform this audit work.

Accordingly, of the Group's 11 active reporting entities we identified seven which, in our view, required a full audit of their complete financial information in order to ensure that sufficient audit evidence was obtained. The reporting units on which a full audit of their complete financial information was performed accounted for 83% of Group revenue. Of these reporting entities, three were considered to be significant components due to their size; the Clinigen CTS Limited, Clinigen Healthcare Limited and Idis Limited entities.

In addition, three non-significant reporting units were subjected to a full scope audit located in South Africa and Australia, such that the audit work was complete prior to the finalisation of the group financial statements by PwC network firms in those territories. Specific audit procedures on certain balances and transactions were performed on a further reporting unit.

The Group consolidation, financial statements disclosures and a number of centralised functions were audited by the group engagement team at the head office. These included, but were not limited to, central procedures on deferred contingent consideration, derivative financial instruments, UK and corporate taxation and goodwill and intangible asset impairment assessments. We also performed group level analytical procedures on all of the remaining out of scope active reporting units to identify whether any further audit evidence was needed, which resulted in no extra testing being required.

The Group engagement team visits component auditors based on significance and/or risk characteristics, to ensure coverage across the Group. The Group engagement team are responsible for the audit of all in scope UK reporting locations performing full scope audits. The Group engagement team have been directly responsible for the audit of all significant components.

Additionally the Group audit team was in contact, at each stage of the audit, in line with detailed instructions issued and through global planning calls and further regular written communication. Specifically, for all component teams, the group team discussed in detail the planned audit approach at the component level, were in attendance at local audit close meetings and following independent review, discussed the detailed reported findings of the audit with each component team. As part of our supervision process, the Group team visited the component auditors in South Africa and discussed the approach and findings of the component auditors in Australia.

Materiality
The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Independent auditors' report
continued

TO THE MEMBERS OF CLINIGEN GROUP PLC

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements
Overall materiality	£2.1 million (2016: £1.4 million).
How we determined it	5% of profit before tax before the deduction of non-underlying items save for amortisation relating to the intangible assets.
Rationale for benchmark applied	We believe that profit before tax adjusted for transaction costs incurred provides a consistent basis for determining materiality as it eliminates the impact of these items which fluctuate year on year and can have a disproportionate impact on the consolidated income statement.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between £0.4m and £1.8m.

We agreed with the Audit Committee that, for the purposes of the Group audit, we would report to them misstatements identified during our audit above £100,000 (2016: £75,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.

REPORTING ON OTHER INFORMATION

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Report of the Directors, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Report of the Directors

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Report of the Directors for the year ended 30 June 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Report of the Directors.

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement set out on page 40, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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 REQUIRED REPORTING

COMPANIES ACT 2006 EXCEPTION REPORTING

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.

OTHER MATTER

We have reported separately on the company financial statements of Clinigen Group plc for the year ended 30 June 2017.

ANDREW HAMMOND
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham
27 September 2017

Consolidated income statement

FOR THE YEAR ENDED 30 JUNE 2017

(In £m)	Note	2017 Underlying	2017 Non-underlying (note 6)	2017 Total	2016 2016 underlying restated	2016 Non-underlying restated (note 6)	2016 Total
Revenue	3	**302.3**	**–**	**302.3**	339.9	–	339.9
Cost of sales		**(179.5)**	**(0.1)**	**(179.6)**	(239.2)	(4.6)	(243.8)
Gross profit	3	**122.8**	**(0.1)**	**122.7**	100.7	(4.6)	96.1
Administrative expenses		**(64.5)**	**(13.4)**	**(77.9)**	(53.4)	(22.5)	(75.9)
Profit from operations	4	**58.3**	**(13.5)**	**44.8**	47.3	(27.1)	20.2
Finance cost	7	**(2.4)**	**(29.1)**	**(31.5)**	(4.0)	(0.7)	(4.7)
Share of profit of joint venture		**0.8**	**–**	**0.8**	0.4	–	0.4
Profit before income tax		**56.7**	**(42.6)**	**14.1**	43.7	(27.8)	15.9
Income tax expense	8	**(12.8)**	**2.5**	**(10.3)**	(10.0)	7.6	(2.4)
Profit attributable to owners of the Company		**43.9**	**(40.1)**	**3.8**	33.7	(20.2)	13.5
Earnings per share (pence)							
Basic	9			**3.3**			11.9
Diluted	9			**3.2**			11.8

Consolidated statement of comprehensive income

FOR THE YEAR ENDED 30 JUNE 2017

(In £m)	2017 Underlying	2017 Non-underlying (note 6)	2017 Total	2016 Underlying	2016 Non-underlying (note 6)	2016 Total
Profit for the year attributable to the owners of the Company	**43.9**	**(40.1)**	**3.8**	33.7	(20.2)	13.5
Other comprehensive income						
Items that may be subsequently reclassified to profit or loss						
Cash flow hedges	**0.3**	**–**	**0.3**	–	–	–
Currency translation differences	**10.1**	**–**	**10.1**	0.6	–	0.6
Total comprehensive income attributable to owners of the Company	**54.3**	**(40.1)**	**14.2**	34.3	(20.2)	14.1

All amounts relate to continuing operations.

Consolidated statement of financial position

AS AT 30 JUNE 2017

(In £m)	Note	2017	2016 restated (note 11)
Assets			
Non-current assets			
Intangible assets	11	**332.5**	334.1
Property, plant and equipment	12	**3.3**	2.7
Investment in joint venture	13	**8.7**	7.4
Deferred tax assets	21	**3.6**	3.5
Total non-current assets		**348.1**	347.7
Current assets			
Inventories	14	**16.7**	15.6
Trade and other receivables	15	**65.9**	68.8
Derivative financial instruments	20	**1.0**	–
Cash and cash equivalents	16	**27.8**	27.8
Total current assets		**111.4**	112.2
Total assets		**459.5**	459.9
Liabilities			
Non-current liabilities			
Trade and other payables	17	**1.3**	11.0
Loans and borrowings	18	**17.3**	25.9
Deferred tax liabilities	21	**20.1**	22.2
Total non-current liabilities		**38.7**	59.1
Current liabilities			
Trade and other payables	17	**118.7**	90.8
Provisions	19	**–**	0.8
Loans and borrowings	18	**45.5**	70.0
Corporation tax liability		**7.5**	1.4
Derivative financial instruments	20	**–**	1.3
Total current liabilities		**171.7**	164.3
Total liabilities		**210.4**	223.4
Net assets		**249.1**	236.5
Equity attributable to owners of the Company			
Share capital	22	**0.1**	0.1
Share premium account	23	**161.2**	160.7
Merger reserve	23	**5.4**	5.4
Hedging reserve	23	**0.3**	–
Foreign exchange reserve	23	**10.5**	0.4
Retained earnings	23	**71.6**	69.9
Total equity		**249.1**	236.5

The notes on pages 50 to 76 form an integral part of the consolidated financial statements.

The financial statements on pages 46 to 76 were approved and authorised for issue by the Board of Directors on 27 September 2017 and were signed on its behalf by:

S CHILTON
Director

M ABELL
Director

Consolidated statement of cash flows

FOR THE YEAR ENDED 30 JUNE 2017

(In £m)	Note	2017	2016
Operating activities			
Profit for the year before tax		**14.1**	15.9
Adjustments for:			
Amortisation of intangible fixed assets	11	**18.6**	20.0
Depreciation of property, plant and equipment	12	**0.6**	0.8
Loss on disposal of non-current assets		**0.2**	0.1
Provision for restructuring costs	19	**–**	0.8
Movement in fair value of derivatives		**(2.0)**	1.3
Release of fair value on acquired inventory	6	**0.1**	4.6
Share of profit of joint venture		**(0.8)**	(0.4)
Finance cost	7	**31.5**	4.7
Share-based payment expense	5	**2.0**	1.8
		64.3	49.6
Decrease in trade and other receivables		**3.2**	8.1
Increase in inventories		**(0.8)**	(2.1)
Decrease in trade and other payables and provisions		**(12.0)**	(6.2)
Cash generated from operations		**54.7**	49.4
Income taxes paid		**(6.9)**	(3.7)
Interest paid		**(1.7)**	(3.6)
Net cash inflow from operating activities		**46.1**	42.1
Investing activities			
Purchase of intangible fixed assets		**(7.4)**	(6.7)
Purchase of property, plant and equipment	12	**(1.4)**	(1.3)
Purchase of subsidiary, net of cash acquired		**–**	(22.4)
Net cash used in investing activities		**(8.8)**	(30.4)
Financing activities			
Proceeds from issue of shares		**0.5**	0.3
Proceeds from increase in loan		**–**	27.6
Loan repayments	18	**(33.4)**	(36.1)
Dividends paid	10	**(4.9)**	(4.1)
Net cash used in financing activities		**(37.8)**	(12.3)
Net decrease in cash and cash equivalents		**(0.5)**	(0.6)
Cash and cash equivalents at beginning of year	16	**27.8**	27.8
Exchange gains		**0.5**	0.6
Cash and cash equivalents at end of year	16	**27.8**	27.8

Consolidated statement of changes in equity

FOR THE YEAR ENDED 30 JUNE 2017

(In £m)	Share capital	Share premium account	Merger reserve	Hedging reserve	Foreign exchange reserve	Retained earnings	Total equity
At 1 July 2015	0.1	141.0	5.4	–	(0.2)	58.3	204.6
Profit for the year	–	–	–	–	–	13.5	13.5
Currency translation differences	–	–	–	–	0.6	–	0.6
Total comprehensive income	–	–	–	–	0.6	13.5	14.1
Share-based payment scheme	–	–	–	–	–	1.8	1.8
Deferred taxation on share-based payment scheme	–	–	–	–	–	(1.6)	(1.6)
Tax credit in respect of tax losses arising on exercise of share options	–	–	–	–	–	2.0	2.0
Issue of new shares	–	19.7	–	–	–	–	19.7
Dividend paid (note 10)	–	–	–	–	–	(4.1)	(4.1)
Total transactions with owners of the Company, recognised directly in equity	–	19.7	–	–	–	(1.9)	17.8
At 30 June 2016	0.1	160.7	5.4	–	0.4	69.9	236.5

(In £m)	Share capital	Share premium account	Merger reserve	Hedging reserve	Foreign exchange reserve	Retained earnings	Total equity
At 1 July 2016	**0.1**	**160.7**	**5.4**	**–**	**0.4**	**69.9**	**236.5**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**3.8**	**3.8**
Currency translation differences	**–**	**–**	**–**	**–**	**10.1**	**–**	**10.1**
Cash flow hedges							
– Effective portion of fair value gains	**–**	**–**	**–**	**1.4**	**–**	**–**	**1.4**
– Transfers to the income statement (revenue)	**–**	**–**	**–**	**(1.1)**	**–**	**–**	**(1.1)**
Total comprehensive income	**–**	**–**	**–**	**0.3**	**10.1**	**3.8**	**14.2**
Share-based payment scheme	**–**	**–**	**–**	**–**	**–**	**2.0**	**2.0**
Deferred taxation on share-based payment scheme	**–**	**–**	**–**	**–**	**–**	**0.2**	**0.2**
Tax credit in respect of tax losses arising on exercise of share options	**–**	**–**	**–**	**–**	**–**	**0.6**	**0.6**
Issue of new shares	**–**	**0.5**	**–**	**–**	**–**	**–**	**0.5**
Dividend paid (note 10)	**–**	**–**	**–**	**–**	**–**	**(4.9)**	**(4.9)**
Total transactions with owners of the Company, recognised directly in equity	**–**	**0.5**	**–**	**–**	**–**	**(2.1)**	**(1.6)**
At 30 June 2017	**0.1**	**161.2**	**5.4**	**0.3**	**10.5**	**71.6**	**249.1**

Notes forming part of the consolidated financial statements

FOR THE YEAR ENDED 30 JUNE 2017

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 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.

The accounting policies set out below have, unless otherwise stated, been applied consistently throughout the year presented in these financial statements. These financial statements are presented in pounds sterling, which is the Group's functional currency. All financial information presented in pounds sterling has been rounded to the nearest £100,000.

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 acquisition-based 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 18.

CHANGES IN ACCOUNTING POLICIES

(A) NEW AND AMENDED STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP:

There were no new standards, interpretations or amendments to standards that are effective to the Group for the financial year beginning 1 July 2016 that have a material impact.

(B) NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS NOT ADOPTED:

The following standards and amendments have been published, endorsed by the EU, and are available for early adoption, but have not yet been applied by the Group in these financial statements.

- IFRS 9 'Financial Instruments' (effective for the year beginning 1 July 2018) will simplify the classification of financial assets for measurement purposes. It also gives greater flexibility over the instruments eligible for hedge accounting and effectiveness testing has been more closely aligned with underlying risk management practices.
- IFRS 15 'Revenue from Contracts with Customers' (effective for the year beginning 1 July 2018) provides a single, principles-based 5-step model to be applied to all sales contracts, based on the transfer of control of goods and services to customers.
- IFRS 16 'Leases' (effective for the year beginning 1 July 2019, not yet endorsed by the EU) will require all leases to be recognised on the balance sheet. Currently, IAS 17 'Leases' only requires leases categorised as finance leases to be recognised on the balance sheet, with leases categorised as operating leases not recognised.

In addition to the above, amendments to a number of existing standards have been endorsed by the EU but not yet adopted.

The Group is currently reviewing the requirements of IFRS 9, 15 and 16 to determine their impact.

BASIS OF CONSOLIDATION

The consolidated financial statements present the results of the Company and its subsidiaries as if they formed a single entity. Subsidiaries are those entities where the Company has the ability to control the activities of and decisions made by that entity and to receive economic benefits that can be affected by that control.

The results of subsidiaries acquired during the period are included in the Group results from the date on which control is transferred to the Group. Accounting policies of subsidiaries are changed when necessary to ensure consistency with the accounting policies adopted by the Group.

The Group applies IFRS 11 'Joint Arrangements' to all joint arrangements. Investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. Clinigen Group plc has assessed the nature of its joint arrangements and determined them all to be joint ventures. Joint ventures are accounted for using the equity method.

Intercompany transactions and balances are eliminated on consolidation.

BUSINESS COMBINATIONS

The Group uses the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is equal to the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

Acquisition costs and post-acquisition restructuring costs are recognised as non-underlying costs in the income statement as adjusting items as they do not relate to normal trading activities and to reflect their one-off nature.

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 remeasured. 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 income statement within administrative expenses.

(c) Group companies

The results and financial position of all the Group entities 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 closing exchange 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 recognised in other comprehensive income and accumulated in the foreign exchange reserve.

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

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 Executive Directors.

The Board considers that the Group's activities constitute 5 operating segments during the year, as defined under IFRS 8 'Operating Segments'. With effect from 1 July 2017, following the completion of the Link earn-out period, the Group reporting structure has changed to 3 operating segments as detailed in note 3. 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 key profit measure that is reviewed by the chief operating decision maker at the segmental reporting level.

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 income statement 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 recognised 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 income statement over the remaining vesting period.

1. ACCOUNTING POLICIES CONTINUED

NON-UNDERLYING ITEMS

Non-underlying items are material items of income or expense 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. These include:

a) One-off items relating to acquisitions e.g. acquisition costs and the costs of restructuring post-acquisition.
b) Amortisation of intangible fixed assets acquired as part of business combinations, changes in contingent consideration, the unwind of discount on contingent consideration and the release of the fair value adjustment made to inventory acquired through a business combination; and
c) The impairment of intangible fixed assets and contractual costs incurred after the impairment which are shown as non-underlying costs as these relate to the cessation of development activity on 1 product and as such do not represent normal trade activities.

In the prior year share-based payment charges of £2.3m and the associated tax credit of £0.3m were classified as non-underlying. In prior periods a significant element of these charges arose from the Initial Public Offering ('IPO') of the Group on the London Stock Exchange. Share-based payment charges now reflect the ongoing trading activities of the Group and therefore are now included within the underlying results, with the prior year comparatives restated accordingly.

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 capitalised as an intangible asset with any impairment in carrying value being charged to the income statement. 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 income statement on the acquisition date as a non-underlying item.

Goodwill is not amortised, but is assessed for impairment annually or more frequently if events or changes indicate a potential impairment. Goodwill arising on business combinations is allocated to the associated cash generating units ('CGUs') based on the particular segment that it relates to. This is then assessed against the discounted cash flows of the CGUs for impairment.

Brand

The brand reflects the cash flows associated with the Idis business acquired in April 2015 and the Link, Homemed and Equity brands purchased in October 2015. Each brand was recognised following the associated business combination and is initially recognised at the fair value of the asset at the acquisition date. The carrying value of the brand is calculated as cost less accumulated amortisation. Amortisation is calculated using the straight line method to allocate the fair value cost of the asset over its estimated useful life, the estimated useful lives range between 10 and 20 years. The amortisation expense is recognised within non-underlying administrative expenses in the income statement.

Contracts

Contracts acquired in a business combination are recognised at fair value on the acquisition date. The contracts recognised as intangible assets relate to those with key suppliers which were identified as important to the trade of the acquired business. The supply of product on a contractual and often exclusive basis is a key value driver and was a key element in the decision to acquire the Idis and Link businesses.

The contracts have a finite life and are amortised over the contractual term. Amortisation is scheduled to follow the expected economic benefits, recognising the fair value cost of acquiring these contracts against the revenues generated from them. This is normally on a straight line basis over the term of the contract, except for managed access programmes which, due to their nature, have a short period of economic benefit i.e. until the product is licensed and becomes commercially available. The economic benefits from managed access programme contracts are weighted to the early stages of the contract. The amortisation expense is recognised within non-underlying administrative expenses in the income statement on a reducing balance basis.

Customer relationships

The customer relationships within acquired operating businesses can be separately identified. The customer relationships have been initially recognised following a business combination at the fair value of the asset at the acquisition date.

Amortisation is calculated on a straight line basis to allocate the fair value cost of each asset over their estimated useful lives, as follows:

- Customer relationships – Link – between 6 and 9 years
- Customer relationships – CTS – 7 years
- Customer relationships – GA – between 7 years and 14 years

The amortisation expense is recognised within non-underlying administrative expenses in the income statement.

Trademarks and licences
Separately acquired trademarks and licences are initially recognised at cost, being the fair value of the purchase price of the asset and any directly attributable cost of preparing the asset for its intended use.

The carrying value of trademarks and licences is calculated as cost less accumulated amortisation. Amortisation is calculated using the straight line method to allocate the cost of the trademarks and licences over their estimated useful lives of between 5 and 15 years. The amortisation expense is recognised within underlying administrative expenses in the income statement, apart from where the trademarks or licenses are acquired as part of a business combination.

Computer software
Computer software purchased to improve the Group's ability to deliver its goods and services and intended to be used over a number of years is capitalised and recognised at cost, being the purchase price of the asset and any directly attributable cost of developing the asset for its intended use including internal staff costs for time spent specifically on development activities. The carrying value of computer software is calculated as cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of the computer software over their estimated useful lives of 3 to 5 years. The amortisation expense is recognised within underlying administrative expenses in the income statement.

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 recognised 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 (the 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.

PROPERTY, PLANT AND EQUIPMENT
Property, plant and equipment are stated at historical cost less accumulated depreciation and any recognised impairment loss. Cost comprises the purchase price and directly attributable amounts to bring the asset into operation.

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 life, as follows:

- Leasehold improvements – remaining term of lease to which the improvements relate
- Plant and machinery – 20%
- Fixtures, fittings and equipment – 20% to 33% straight line

INVESTMENTS
Investments in subsidiaries are recorded at historical cost, less any provision for impairment.

Investments in joint ventures are accounted for using the equity method of accounting. Under the equity method, the investment is initially recorded at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition.

INVENTORIES
Inventories are initially recognised at cost and subsequently stated at the lower of cost and net realisable value. Individual units of drugs cannot be interchanged as they are determined by the customer's requirements for product name, dosage strength, pack size, batch number and expiry date. In accordance with IAS 2 'Inventories', items are recorded at their individual actual cost. To minimise obsolescence, cost is selected 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 realisable 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.

A number of arrangements exist where the Group holds inventories on consignment. Under these arrangements such Inventories are only recognised in the statement of financial position when the risks and rewards of ownership are transferred to the Group.

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES
The Group uses derivative financial instruments to mitigate its exposure to foreign currency exchange risk on cash flow transactions. Derivative financial instruments are recognised initially at their fair value and remeasured at fair value at each period end. Where appropriate the Group designates hedge relationships for hedge accounting under IAS 39 'Financial Instruments'.

1. ACCOUNTING POLICIES CONTINUED

Where hedge accounting has been applied, changes in the fair value of derivative financial instruments designated as cash flow hedges are recognised in other comprehensive income to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognised immediately in the income statement. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in other comprehensive income remains there until the forecast transaction occurs. When the hedged item is a non-financial asset, the amount recognised in other comprehensive income is transferred to the carrying amount of the asset when it is recognised. In other cases, the amount recognised in other comprehensive income is transferred to the income statement in the same period that the hedged item affects profit or loss. The designation is re-evaluated at each reporting date.

The gain or loss on remeasurement to fair value of derivatives that have not been designated for hedge accounting, is recognised immediately in the income statement. Foreign forward exchange derivative gains and losses are recognised net.

TRADE AND OTHER RECEIVABLES

Trade receivables arise principally through the provision of goods and services to customers in the ordinary course of the business. They are recognised initially at the original invoice value and subsequently original invoice value less provision for impairment.

Impairment provisions are recognised 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 movement in the provision being recognised within administrative expenses in the income statement. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

CASH AND CASH EQUIVALENTS

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

BORROWINGS

Borrowings are initially recognised at fair value net of transaction costs, including facility fees incurred. Such interest-bearing liabilities are subsequently measured at amortised 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 capitalised against the loans and borrowings balance. These are amortised as the loan is repaid with the associated amortisation expense recognised in finance costs.

TRADE AND OTHER PAYABLES

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 recognised at fair value and subsequently carried at amortised cost using the effective interest method.

DEFERRED AND CONTINGENT CONSIDERATION

Deferred consideration payable in cash in respect of the acquisition of intangible assets is recognised initially at its fair value at the date of acquisition. There is no other form of deferred consideration payable. The difference between the fair value of the deferred consideration and the amounts payable in the future is recognised as a finance cost over the deferment period.

Contingent consideration on business combinations is initially measured at fair value and is payable in cash. The fair value of the contingent liability is remeasured at each period end and the change in fair value is recognised in the income statement as a non-underlying item.

The contingent consideration liability is classified as a current liability if payment is due within one year or less. If not, it is presented as a non-current liability.

RETIREMENT BENEFITS: DEFINED CONTRIBUTION SCHEMES

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

PROVISIONS

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, it is more likely than not that an outflow of economic benefits will be required to settle the obligation and the obligation can be estimated reliably. Provisions are discounted if the impact on the provision is deemed to be material.

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.

DIVIDENDS
Dividends are recognised 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 recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised 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 recognised 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 recognised only to the extent that it is probable that future taxable profit will be available against which the differences can be utilised.

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 realise 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 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.

Supply of products
Revenue from the supply of products is recognised 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 recognised at the fair value of consideration received or receivable.

Managed Access service fees
All services provided in relation to Managed Access are contractually agreed with the product originator. Revenue for these services is recognised in the period when the outcome of the services set out in the contract can be estimated reliably and the stage of completion can be measured reliably.

Contracted programme set up fees can be either for the whole project or triggered by milestones being achieved which are laid out in the contract. Revenue is recognised in relation to these fees when the contracted milestones are achieved.

Monthly management fees are recognised as revenue in the month to which they relate and once contractual services have been provided.

Revenue in respect of programme management fees is recognised when goods, provided under the programme, have been dispatched to the customer for whom the management fee relates. Revenue is recognised at the fair value of consideration received or receivable.

Royalties
Royalty income is earned on product distribution agreements based upon a percentage of sales, the income is recognized on an accrual basis.

Revenue in all years principally arises from the 3 income streams discussed above. Further information is available in note 3.

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) BUSINESS COMBINATIONS

In accounting for business combinations, the identifiable assets, liabilities and contingent liabilities acquired have to be measured at their fair values. In particular, some judgement is required in estimating the fair value of inventory with reference to current selling prices and an assessment of obsolescence and demand for inventory; the fair value of trade debtors with reference to the ageing and recoverability of these and judgements in estimating the valuation of intangible assets with reference to forecast future sales under the pre-existing contracts and relationships where legal contracts are not in place. Details concerning acquisitions and business combinations are outlined in note 28.

(B) 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 11.

(C) CARRYING VALUE OF INTANGIBLE ASSETS EXCLUDING GOODWILL

The carrying value of intangible assets is at cost less amortisation 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.

(D) INVENTORY PROVISIONING

The Company's principal activities during the year related to the management, sale and distribution of pharmaceutical products which have associated expiry dates. As a result it is necessary to consider the recoverability of the cost of the inventory and the associated provisioning required. Management consider the nature and condition of inventory, the remaining expiry period, as well as apply assumptions around expected future demand for the inventory, when calculating the level of inventory provisioning. See note 14 for the net carrying value of inventory and associated provision.

(E) IMPAIRMENT OF TRADE RECEIVABLES

The Company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other receivables, management considers factors including the credit rating and age profile of the receivable and historic experience. See note 15 for the net carrying amount of the receivables and the associated impairment provision.

(F) 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 utilised. 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 recognised 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 recognisable at exercise is likely to differ to the one recognised at the reporting date.

(G) CONTINGENT CONSIDERATION

Contingent consideration is initially measured at the net present value of the expected future cash flows, discounted using an appropriate discount rate, to be paid pursuant to the relevant agreements. The fair value of the contingent liability is remeasured at each period end utilising the latest financial forecasts. The change in fair value is recognised in the income statement as a non-underlying item.

3. SEGMENT INFORMATION

The Group had 5 main reportable segments throughout the year, being the Group's operating businesses:

Clinigen Clinical Trial Services ('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 36% (2016: 41%) of its external revenues.

Idis Managed Access ('MA') specialises in the consultancy, development, management and implementation of managed access programmes for biotechnology and pharmaceutical companies. The operating business contributed 20% (2016: 30%) of the Group's external revenues.

Idis Global Access ('GA') provides high quality ethical access to post approval and short-supply medicines, in regions where patients have low or non-existent access to these often essential drugs. GA contributed 13% (2016: 12%) to the Group's external revenues.

Clinigen Specialty Pharmaceuticals ('SP') manufactures and distributes its own and in-licensed specialist, hospital-only medicines worldwide and contributed 14% (2016: 11%) of the Group's external revenues.

Link Healthcare specialises in the distribution of pharmaceutical products in South Africa and the APAC region. During the year Link Healthcare has been managed as a separate business. Following completion of the Link earn-out period on 30 June 2017 it has been integrated into the Group management structure. In FY17 it contributed 17% (2016: 7%) to the Group's external revenues. The Link Healthcare business was acquired in October 2015 and therefore the 2016 results for this segment represent the 8 months of trading since acquisition.

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 requires different expertise to deliver the different product or service offering they provide.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker during the reporting year. The chief operating decision maker has been identified as the Executive Directors. Subsequent to the year end, the organisation structure of the business has changed to the three reported businesses of Commercial Medicines, Unlicensed Medicines and CTS and with effect from 1 July 2017 the internal reporting to the chief operating decision maker has changed to this basis. The results have also been presented on this revised basis which is how the results will be reported in future.

OPERATING SEGMENT RESULTS

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

	2017		2016	
(In £m)	**Revenue**	**Gross profit**	Revenue	Gross profit
Clinical Trial Services	**109.9**	**23.3**	137.9	19.7
Managed Access	**60.1**	**28.4**	100.8	26.5
Global Access	**40.1**	**14.5**	39.6	13.8
Specialty Pharmaceuticals	**41.4**	**35.6**	37.1	31.9
Link Healthcare	**50.8**	**21.0**	24.5	8.8
Segmental result	**302.3**	**122.8**	339.9	100.7
Adjustment for fair value of acquired stock sold in the year	**–**	**(0.1)**	–	(4.6)
Reported results	**302.3**	**122.7**	339.9	96.1

The following analysis shows how the segmental results will be reported in future following the organisation changes effective from 1 July 2017.

	2017		2016	
(In £m)	**Revenue**	**Gross profit**	Revenue	Gross profit
Clinical Trial Services	**109.9**	**23.3**	137.9	19.7
Commercial Medicines	**66.3**	**47.3**	48.9	37.3
Unlicensed Medicines	**126.1**	**52.2**	153.1	43.7
Segmental result	**302.3**	**122.8**	339.9	100.7
Adjustment for fair value of acquired stock sold in the year	**–**	**(0.1)**	–	(4.6)
Reported results	**302.3**	**122.7**	339.9	96.1

Notes forming part of the consolidated financial statements continued

FOR THE YEAR ENDED 30 JUNE 2017

3. SEGMENT INFORMATION CONTINUED

(In £m) Reconciliation to reported profit	2017 Underlying	2017 Non-underlying	2017 Total	2016 Underlying restated	2016 Non-underlying restated	2016 Total
Segmental gross profit	**122.8**	**(0.1)**	**122.7**	100.7	(4.6)	96.1
Administrative expenses excluding amortisation depreciation and share-based payment costs	**(56.2)**	**–**	**(56.2)**	(45.3)	(7.5)	(52.8)
Share-based payment costs	**(2.5)**	**–**	**(2.5)**	(2.3)	–	(2.3)
EBITDA	**64.1**	**(0.1)**	**64.0**	53.1	(12.1)	41.0
Analysed as:						
Adjusted EBITDA including joint venture result	**65.1**	**(0.1)**	**65.0**	53.7	(12.1)	41.6
Joint venture EBITDA	**(1.0)**	**–**	**(1.0)**	(0.6)	–	(0.6)
EBITDA excluding joint venture result	**64.1**	**(0.1)**	**64.0**	53.1	(12.1)	41.0
Amortisation	**(5.2)**	**(13.4)**	**(18.6)**	(5.0)	(15.0)	(20.0)
Depreciation	**(0.6)**	**–**	**(0.6)**	(0.8)	–	(0.8)
Profit from operations	**58.3**	**(13.5)**	**44.8**	47.3	(27.1)	20.2
Finance costs	**(2.4)**	**(29.1)**	**(31.5)**	(4.0)	(0.7)	(4.7)
Share of profit of joint venture	**0.8**	**–**	**0.8**	0.4	–	0.4
Profit before taxation	**56.7**	**(42.6)**	**14.1**	43.7	(27.8)	15.9
Taxation	**(12.8)**	**2.5**	**(10.3)**	(10.0)	7.6	(2.4)
Profit after taxation	**43.9**	**(40.1)**	**3.8**	33.7	(20.2)	13.5
Analysed as						
Adjusted profit after tax before amortisation of software and licences (as used for adjusted EPS)	**48.1**	**(40.1)**	**8.0**	37.7	(20.2)	17.5
Amortisation of software	**(0.8)**	**–**	**(0.8)**	(0.7)	–	(0.7)
Amortisation of licences	**(4.4)**	**–**	**(4.4)**	(4.3)	–	(4.3)
Tax on amortisation of software and licences	**1.0**	**–**	**1.0**	1.0	–	1.0
Profit after tax after amortisation of software and licences	**43.9**	**(40.1)**	**3.8**	33.7	(20.2)	13.5

As detailed in note 6, share-based payment costs have been reclassified from non-underlying to underlying in the year and the prior year comparatives restated. Share-based payment costs comprise an equity-settled charge of £2.0m (2016: £1.8m) and associated social security costs of £0.5m (2016: £0.5m).

(In £m)	2017	2016
Breakdown of revenues by products and services:		
Products	**259.8**	304.2
Services	**35.8**	31.4
Royalties	**6.7**	4.3
	302.3	339.9

GEOGRAPHICAL ANALYSIS

(In £m)	2017	2016
Revenue arises from the following locations:		
UK	**72.2**	52.1
Europe	**101.0**	138.5
USA	**56.5**	100.1
Rest of world	**72.6**	49.2
	302.3	339.9
Gross profit arises from the following locations:		
UK	**23.5**	19.3
Europe	**42.0**	38.9
USA	**29.8**	29.3
Rest of world	**27.5**	13.2
	122.8	100.7

Assets and liabilities are reported to the Executive Directors at a Group level and are not reported on a segmental basis.

4. EXPENSES

4.1 EXPENSES

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

(In £m)	2017	2016
Cost of inventories recognised as an expense in cost of sales	**167.2**	236.9
Employee benefit expense	**37.0**	28.0
Depreciation, amortisation and impairment charges (notes 11 and 12)	**19.2**	20.8
Loss on disposal of non-current assets	**0.2**	0.1
Operating lease charges	**2.2**	1.6
Foreign exchange gains	**(0.4)**	(1.7)

4.2 AUDITORS' REMUNERATION

During the year the Group (including its overseas subsidiaries) obtained the following services from the Company's auditors and its associates:

(In £m)	2017	2016
Fees payable to the Company's auditor for the audit of the Parent Company and consolidated financial statements	**0.3**	0.2
Fees payable to the Company's auditor for other services:		
– The audit of the Company's subsidiaries	**0.1**	0.2
– Audit related assurance services	**0.1**	–
– Other advisory services	**0.1**	0.1
– Tax advisory services	**0.3**	–

5. EMPLOYEES

5.1 EMPLOYEE BENEFIT EXPENSE

(In £m)	2017	2016 restated
Wages and salaries	**30.4**	25.4
Share-based payments	**2.0**	1.8
Social security costs	**3.4**	1.9
Other pension costs	**1.2**	0.8
	37.0	29.9

5.2 AVERAGE NUMBER OF PEOPLE EMPLOYED

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

Number	2017	2016
Directors	**2**	3
Staff	**496**	417
	498	420

5.3 DIRECTORS' EMOLUMENTS

Details of the remuneration, shareholdings, share options and pension contributions of the Executive Directors are included in the Remuneration Report on pages 36 to 38.

5.4 KEY MANAGEMENT PERSONNEL COMPENSATION

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group. This is considered to be the Board of Directors.

(In £m)	2017	2016
Directors' remuneration included in staff costs:		
Wages and salaries	**2.0**	1.6
Defined contribution pension cost	**–**	0.1
Share-based payment expense	**0.6**	0.6
	2.6	2.3

6. NON-UNDERLYING ITEMS

Non-underlying items have been reported separately in order to provide the reader of the financial statements with a better understanding of the operating performance of the Group. These items include amortisation of intangible assets arising on acquisition, one off costs including business acquisition costs, restructuring costs, changes in contingent consideration, unwind of discount on contingent consideration, and impairment charges. The associated tax impact is also reported as non-underlying.

(In £m)	2017	2016 restated
Cost of sales		
a) Adjustment for fair value of acquired stock sold in the year	**0.1**	4.6
Administrative expenses		
b) Acquisition costs	**–**	1.4
c) Restructuring costs	**–**	5.6
d) Impairment of intangible fixed assets	**–**	0.5
e) Amortisation of intangible fixed assets acquired through business combinations	**13.4**	15.0
	13.4	22.5
Finance costs		
f) Increase in Link contingent consideration	**27.0**	–
g) Unwind of discount on deferred and contingent consideration	**2.1**	0.7
	29.1	0.7
Taxation		
h) Credit in respect of tax on non-underlying costs	**(2.9)**	(4.9)
i) Credit in respect of rate differences on deferred tax	**(0.5)**	(1.4)
j) Corporation tax adjustments in respect of prior year	**0.9**	(1.3)
	(2.5)	(7.6)
Total non-underlying items	**40.1**	20.2

a) Under IFRS 3 inventory acquired in a business combination is valued at fair value on acquisition, which includes the profit margin in the inventory's carrying value. The £0.1m (2016: £4.6m) above represents the profit margin on the inventory sold in the year which was acquired with both the Idis and Link businesses.

b) The acquisition costs incurred in the prior year relating to Link Healthcare amounted to £1.4m. The main costs included £0.5m of legal advice, £0.4m for corporate finance advice and £0.1m of stamp duty.

c) The restructuring costs in the prior year of £5.6m relate mainly to the integration of the Idis and Link Healthcare acquisitions. These costs include £2.0m of redundancy costs, £1.0m related to the closure and integration of offices, and £1.9m of incremental costs related to maintaining the Idis IT systems which are being used in the short term before a new system is implemented across the Group.

d) The impairment of intangible fixed assets in the prior year are further costs in respect of Vibativ to comply with the regulatory requirements up to when this product was transferred back to the vendor on 4 August 2016. This product was fully impaired in the second half of the previous financial year due to its loss making position.

e) The amortisation of intangible assets acquired as part of the business combination with Idis and Link (namely brand, trade names, customer relationships and contracts) are included in non-underlying due to their significance and to provide the reader with a consistent view of the underlying costs of the operating Group.

f) Changes in the estimate of the contingent consideration payable in relation to the Link acquisition based on the earnings of the Link group for the year ended 30 June 2017. This is classified as a finance cost as the primary reason for the increase is the depreciation of sterling against the local functional currencies since October 2015, when the contingent consideration was originally calculated.

g) The non-cash unwind of the discount applied to the deferred consideration payable in relation to the acquisition of Link Healthcare.

h) The tax credit in respect of non-underlying items reflects the tax benefit on the costs incurred during the year.

i) The reduction in corporation tax rate to 19% and 17% from 1 April 2017 and 1 April 2020 respectively, reduces the deferred tax balances expected to unwind in the future creating a credit to the income statement of £0.5m (2016: £1.4m). The credit is recognised in non-underlying items as the associated deferred tax balances relate to the fair value of acquired intangible assets.

j) Tax computations of acquired entities for periods prior to acquisition have identified tax charges recognised during the year.

In the prior year share-based payment charges of £2.3m and the associated tax credit of £0.3m were classified as non-underlying. In prior years a significant element of these charges arose from the initial listing of the Group on the London Stock Exchange. Share based payment charges now reflect the ongoing trading activities of the Group and therefore are now included within the underlying results, with the prior year comparatives restated accordingly.

7. FINANCE COST

(In £m)	2017	2016
Bank interest	**1.4**	3.2
Borrowing costs	**0.3**	0.3
Amortisation of facility issue costs	**0.3**	0.4
Unwind of discount on Totect and Foscavir deferred consideration	**0.4**	0.1
Underlying finance cost	**2.4**	4.0
Increase in Link contingent consideration	**27.0**	–
Unwind of discount on Link contingent consideration	**2.1**	0.7
Total finance cost	**31.5**	4.7

The contingent consideration payable on the Link acquisition is remeasured each period end depending on the current forecasts for the earn-out period. At 30 June 2017, following completion of the earn-out period, the remeasurement of the contingent consideration resulted in a charge of £27.0m. This increase is recognised in finance costs as the primary reason for the increase is the depreciation of sterling against the local functional currencies since October 2015.

8. INCOME TAX

(In £m)	2017	2016
Current tax expense		
Current tax on profit for the year	**13.2**	8.4
Adjustment in respect of prior years	**0.4**	(1.3)
Total current tax expense	**13.6**	7.1
Deferred tax expense		
Decrease in deferred tax assets (note 21)	**0.1**	0.1
Decrease in deferred tax liabilities (note 21)	**(3.4)**	(4.8)
Total deferred tax benefit	**(3.3)**	(4.7)
Income tax expense	**10.3**	2.4

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the standard rate of corporation tax in the UK applied to profit for the year as follows:

(In £m)	2017	2016
Profit before income tax	**14.1**	15.9
Expected tax charge based on corporation tax rate of 19.75% (2016: 20.0%)	**2.8**	3.2
Expenses not deductible for tax purposes other than goodwill amortisation and impairment	**6.2**	0.5
Adjustments to tax charge in respect of prior years	**0.4**	(1.3)
Higher rates of taxes on overseas earnings	**1.0**	0.9
Loss arising in year for which no deferred income tax is recognised	**0.4**	0.3
Remeasurement of deferred tax – change in the UK tax rate	**(0.5)**	(1.2)
Total tax expense	**10.3**	2.4

Amounts recognised directly in equity:
The income tax credited directly to equity during the year is as follows:

(In £m)	2017	2016
Deferred tax: unexercised share options and losses recognised directly in equity	**0.8**	(0.4)

Tax losses:

(In £m)	2017	2016
Unused tax losses for which no deferred tax asset has been recognised	**2.9**	2.0
Potential tax benefit at 38%	**1.1**	0.8

The unused tax losses have been incurred in the US subsidiary, Clinigen Inc. (formerly know as Idis Inc.), and is currently uncertain whether these tax losses can be utilised in the future.

Notes forming part of the consolidated financial statements continued

FOR THE YEAR ENDED 30 JUNE 2017

8. INCOME TAX CONTINUED

Following announcements in the Summer Budget 2015 and the Budget 2016, the UK corporation tax rate reduced to 19% from 1 April 2017 and will reduce to 17% from 1 April 2020. The Summer Budget 2015 had originally announced that the rate would reduce to 18% from 1 April 2020. This reduction was substantively enacted on 26 October 2015 and so the prior year deferred tax assets and liabilities were calculated at this rate. The subsequent announcement in the Budget 2016 that the rate will reduce to 17% from 1 April 2020 was substantively enacted on 6 September 2016, and so closing deferred tax assets and liabilities have been calculated at this rate.

9. EARNINGS PER SHARE ('EPS')

(In £m)	2017	2016
Reported profit used in calculating basic and diluted EPS	**3.8**	13.5
Number of shares (million)		
Weighted average number of shares	**115.0**	113.1
Dilution effect of share options	**1.8**	1.3
Weighted average number of shares used for diluted EPS	**116.8**	114.4
Reported EPS (pence)		
Basic	**3.3p**	11.9p
Diluted	**3.2p**	11.8p

The adjusted EPS, based on the following earnings figure for the year and weighted average number of shares of 115,017,972 (2016: 113,084,261) is 41.8p (2016 restated: 33.4p).

(In £m)	2017	2016 restated
Underlying profit after tax	**43.9**	33.7
Add back of amortisation on software	**0.8**	0.7
Add back of amortisation on licences	**4.4**	4.3
Less tax associated with amortisation on software and licences	**(1.0)**	(1.0)
Adjusted underlying earnings used in calculating basic and diluted adjusted EPS	**48.1**	37.7

	2017	2016
Number of shares (million)		
Weighted average number of shares	**115.0**	113.1
Dilution effect of share options	**1.8**	1.3
Weighted average number of shares used for diluted EPS	**116.8**	114.4
Adjusted EPS (pence)		
Basic	**41.8p**	33.4p
Diluted	**41.2p**	33.0p

EPS is calculated based on the share capital of the Parent Company and the earnings of the combined Group.

Diluted EPS takes account of the weighted average number of outstanding share options being 1,738,806 (2016: 1,312,942).

10. DIVIDENDS

(In £m)	2017	2016
Final dividend in respect of the year ended 30 June 2016 of 2.7p (2016: 2.3p) per ordinary share	**3.1**	2.6
Interim dividend of 1.6p (2016: 1.3p) per ordinary share paid during the year	**1.8**	1.5
	4.9	4.1

The Board proposes to pay a final dividend of 3.4p per ordinary share, subject to approval at the AGM, on 1 December 2017.

11. INTANGIBLE ASSETS

(In £m)	Brand	Contracts	Customer relationships	Trademarks and licences	Computer software	Goodwill (restated)	Total (restated)
Cost							
At 1 July 2015	49.4	17.7	43.0	55.8	1.9	152.9	320.7
Acquisition of subsidiary (note 28)	4.7	9.3	2.2	0.7	0.2	23.1	40.2
Additions	–	–	–	10.7	0.7	–	11.4
At 30 June 2016	**54.1**	**27.0**	**45.2**	**67.2**	**2.8**	**176.0**	**372.3**
Additions	**–**	**–**	**–**	**1.5**	**4.9**	**–**	**6.4**
Disposals	**–**	**–**	**–**	**–**	**(0.3)**	**–**	**(0.3)**
Exchange differences	**1.3**	**2.5**	**0.5**	**0.2**	**–**	**6.2**	**10.7**
At 30 June 2017	**55.4**	**29.5**	**45.7**	**68.9**	**7.4**	**182.2**	**389.1**
Accumulated amortisation							
At 1 July 2015	0.4	1.0	0.7	15.3	0.8	–	18.2
Charge for the year	2.7	7.9	4.4	4.3	0.7	–	20.0
At 30 June 2016	**3.1**	**8.9**	**5.1**	**19.6**	**1.5**	**–**	**38.2**
Charge for the year	**2.7**	**6.0**	**4.5**	**4.6**	**0.8**	**–**	**18.6**
Disposals	**–**	**–**	**–**	**–**	**(0.3)**	**–**	**(0.3)**
Exchange differences	**–**	**0.1**	**–**	**–**	**–**	**–**	**0.1**
At 30 June 2017	**5.8**	**15.0**	**9.6**	**24.2**	**2.0**	**–**	**56.6**
Net book value							
At 30 June 2017	**49.6**	**14.5**	**36.1**	**44.7**	**5.4**	**182.2**	**332.5**
At 30 June 2016	51.0	18.1	40.1	47.6	1.3	176.0	334.1
At 1 July 2015	49.0	16.7	42.3	40.5	1.1	152.9	302.5

BRAND

The brands represent the Idis, Link, Equity and Homemed brands acquired as part of business combinations. Each brand has been fair valued at the acquisition date by reference to the operating businesses acquired which utilise each brand. The fair value is based on a Relief-from-Royalty-Method which calculates the value of the brand as equivalent to the royalty savings accrued over time, as the brand is owned and royalties are not required to be paid to a third party for the branding of products. The remaining amortisation periods are:

Idis – 17 years 10 months
Link – 18 years 4 months
Equity – 13 years 4 months
Homemed – 8 years 4 months

CONTRACTS

Contracts acquired with the Idis business combination related to client contracts within the Idis Managed Access business fair valued at the acquisition date based on the discounted value of future cash flows. These contracts enable the Group to manage the access programmes on behalf of large pharma businesses. The remaining amortisation period is 2 years 10 months.

The acquired Link business has a number of supplier contracts which provide for the availability of product to Link on a contractual, exclusive supply basis. This accessibility to product is a key driver in growing the business. These exclusive supply contracts have been fair valued at the acquisition date based on the discounted value of future cash flows. The remaining amortisation period is between 5 and 8 years.

CUSTOMER RELATIONSHIPS

The nature of the acquired businesses is that there are no contracts with customers, however there are long standing relationships with significant repeat business. These relationships have been fair valued at the acquisition date using a discounted valuation of future cash flows. The customer relationships for each area of the business are being amortised over different useful economic lives (see note 1).
The remaining amortisation periods range from 5 years 4 months to 12 years 10 months.

TRADEMARKS AND LICENCES

A total of 331 trademarks and licences are held. The average carrying value per trademark/licence is £143,200 and the average remaining amortisation period is 7 years.

COMPUTER SOFTWARE

The Group is undertaking the development and implementation of a new Oracle ERP system, the costs for which are being recognised as incurred. The amortisation of the new system will commence when it is implemented and in operation by the business, which is expected within the next financial year.

11. INTANGIBLE ASSETS CONTINUED

GOODWILL

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

Following the acquisition of Link Healthcare in October 2015 and the disclosure of the provisional fair values in the annual report for the financial year ended 30 June 2016, the Directors have reviewed the fair value of assets and liabilities acquired. This review resulted in a reduction to the fair value of inventory of £0.4m. Goodwill at 30 June 2016 has been restated to reflect this adjustment.

An impairment test is a comparison of the carrying value of assets of a business or CGU to their recoverable amount. The Group has defined its CGUs as CTS, MA, GA, SP and Link. Where the recoverable amount is less than the carrying value, an impairment results. During the year, goodwill was tested for impairment, with no impairment charge arising.

(In £m)	At 30 June 2015	Additions restated	At 30 June 2016 restated	Exchange adjustments	At 30 June 2017
CTS	33.6	–	33.6	–	33.6
MA	109.0	–	109.0	–	109.0
GA	10.3	–	10.3	–	10.3
Link	–	23.1	23.1	6.2	29.3
Total	**152.9**	**23.1**	**176.0**	**6.2**	**182.2**

The recoverable amount of all CGUs has been determined based on a value-in-use calculations. These calculations use pre-tax cash flow projections and a pre-tax discount rate of 12.2% (2016: 11.0%) equivalent to the Group's weighted average cost of capital.

For each CGU other than GA a terminal growth rate of 1.8% (2016: 1.8%) has been used, and for GA a terminal growth rate of 0.7% (2016: 0.7%) has been used. Assumptions on sales growth have been based on approved budgets for the upcoming year and strategic projections representing the best estimate of future performance. Assumptions on profit margins are based on past experience and cost estimates. The assumptions used in each CGU are laid out in the table below.

	2017		2016	
	Sales growth	**Profit margins**	Sales growth	Profit margins
CTS	**10%**	**17%**	0%	16.5%
MA	**10%**	**50%**	13.7%	30%
GA	**20%**	**40%**	(6.5%)	42.5%
Link	**9%**	**38%**	3.5%	35%

The Group has applied sensitivities to assess whether any reasonably possible changes in assumptions rate could cause an impairment that would be material to these financial statements. Management do not consider any of the downside sensitivities required for an impairment to result, as detailed below, to be probable.

	2017		2016	
	Discount rate	**Terminal growth rate**	Discount rate	Terminal growth rate
CTS	**46.6%**	**(417.8%)**	25.3%	(32.4%)
MA	**16.3%**	**(4.1%)**	13.1%	(3.9%)
GA	**31.6%**	**(49.9%)**	10.5%	(1.4%)
Link	**35.0%**	**(68.7%)**	15.3%	(7.4%)

12. PROPERTY, PLANT AND EQUIPMENT

(In £m)	Leasehold improvement	Plant and machinery	Fixtures, fittings and equipment	Total
Cost				
At 1 July 2015	1.0	–	1.4	2.4
Acquisition of subsidiary	0.3	0.1	0.2	0.6
Additions	0.7	0.1	0.5	1.3
Disposals	(0.2)	–	(0.1)	(0.3)
Exchange differences	0.1	–	0.1	0.2
At 30 June 2016	**1.9**	**0.2**	**2.1**	**4.2**
Additions	**0.7**	**–**	**0.7**	**1.4**
Disposals	**(0.2)**	**–**	**(0.3)**	**(0.5)**
At 30 June 2017	**2.4**	**0.2**	**2.5**	**5.1**
Accumulated depreciation				
At 1 July 2015	0.2	–	0.6	0.8
Charge for the year	0.2	–	0.6	0.8
Disposals	(0.1)	–	(0.1)	(0.2)
Exchange differences	–	–	0.1	0.1
At 30 June 2016	**0.3**	**–**	**1.2**	**1.5**
Charge for the year	**0.2**	**–**	**0.4**	**0.6**
Disposals	**(0.1)**	**–**	**(0.2)**	**(0.3)**
At 30 June 2017	**0.4**	**–**	**1.4**	**1.8**
Net book value				
At 30 June 2017	**2.0**	**0.2**	**1.1**	**3.3**
At 30 June 2016	1.6	0.2	0.9	2.7
At 1 July 2015	0.8	–	0.8	1.6

13. INVESTMENTS

SUBSIDIARIES

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

Subsidiaries at the end of the reporting year were as follows:

Name	Registered office	Country of incorporation	Nature of business
Clinigen Holdings Limited	Crown Square, Burton-on-Trent DE14 2WW	UK	Holding company
Clinigen International Holdings Limited	Crown Square, Burton-on-Trent DE14 2WW	UK	Holding company
Clinigen Healthcare Limited	Crown Square, Burton-on-Trent DE14 2WW	UK	Sales and distribution of pharmaceutical products
Clinigen Clinical Trials Limited	Crown Square, Burton-on-Trent DE14 2WW	UK	Holding company
Clinigen CTS Limited	Crown Square, Burton-on-Trent DE14 2WW	UK	Sales and distribution of pharmaceutical products
Clinigen CTS Inc.	790 Township Line Road, Suite 120, Yardley, PA 19067, USA	USA	Sales and distribution of pharmaceutical products
Idis Group Holdings Limited	Crown Square, Burton-on-Trent DE14 2WW	UK	Holding company
Idis Group Limited	Crown Square, Burton-on-Trent DE14 2WW	UK	Holding company
Idis Limited	Crown Square, Burton-on-Trent DE14 2WW	UK	Sales and distribution of pharmaceutical products
Clinigen Inc.	790 Township Line Road, Suite 120, Yardley, PA 19067, USA	USA	Provision of business development services
Clinigen Asia Pte. Limited	133 Cecil Street, #13-03 Keck Seng Tower, Singapore (069535)	Singapore	Holding company
Link Healthcare Singapore Pte. Limited	133 Cecil Street, #13-03 Keck Seng Tower, Singapore (069535)	Singapore	Sales and distribution of pharmaceutical products
Link Healthcare KK	1-16-3, Nihonbashi, Chuo-ku, Tokyo 103-0027 Japan	Japan	Sales and distribution of pharmaceutical products
Clinigen KK	1-16-3, Nihonbashi, Chuo-ku, Tokyo 103-0027 Japan	Japan	Sales and distribution of pharmaceutical products
Link Healthcare SDN. BHD	Upper Penthouse, Wisma RKT, No. 2 Jalan Raja Abdullah, 50300 Kuala Lumpa, Malaysia	Malaysia	Sales and distribution of pharmaceutical products
Link Healthcare Hong Kong Limited	Room 1901, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong	Hong Kong	Sales and distribution of pharmaceutical products

Notes forming part of the consolidated financial statements continued

FOR THE YEAR ENDED 30 JUNE 2017

13. INVESTMENTS CONTINUED

Name	Registered office	Country of incorporation	Nature of business
Link Healthcare Pty Limited	5 Apollo Street, Warriewood NSW 2102, Australia	Australia	Holding company
Link Medical Products Pty Limited	5 Apollo Street, Warriewood NSW 2102, Australia	Australia	Sales and distribution of pharmaceutical products
Link Pharmaceuticals Limited	RSM New Zealand, Ford Building, 86 Highbrook Drive, Auckland, 2013, New Zealand	New Zealand	Sales and distribution of pharmaceutical products
Clinigen South Africa Pty Limited	100 Sovereign Drive, Nellmapius Drive, Irene 0157, Pretoria, South Africa	South Africa	Holding company
Homemed Pty Limited	100 Sovereign Drive, Nellmapius Drive, Irene 0157, Pretoria, South Africa	South Africa	Sales and distribution of pharmaceutical products
Equity Pharmaceuticals Pty Limited	100 Sovereign Drive, Nellmapius Drive, Irene 0157, Pretoria, South Africa	South Africa	Sales and distribution of pharmaceutical products
Equity Medical Technologies Pty Limited	100 Sovereign Drive, Nellmapius Drive, Irene 0157, Pretoria, South Africa	South Africa	Sales and distribution of pharmaceutical products
Equipharm Specialised Distribution Pty Limited	100 Sovereign Drive, Nellmapius Drive, Irene 0157, Pretoria, South Africa	South Africa	Sales and distribution of pharmaceutical products
Plurilinx (Pty) Limited	100 Sovereign Drive, Nellmapius Drive, Irene 0157, Pretoria, South Africa	South Africa	Dormant
Chloromix (Pty) Limited	100 Sovereign Drive, Nellmapius Drive, Irene 0157, Pretoria, South Africa	South Africa	Dormant
PMIP Pty Limited	5 Apollo Street, Warriewood NSW 2102, Australia	Australia	Dormant
Link Holding 1 Pty Limited	5 Apollo Street, Warriewood NSW 2102, Australia	Australia	Dormant
Link Holding 2 Pty Limited	5 Apollo Street, Warriewood NSW 2102, Australia	Australia	Dormant
Idis MA Limited	Crown Square, Burton-on-Trent DE14 2WW	UK	Dormant
Idis GA Limited	Crown Square, Burton-on-Trent DE14 2WW	UK	Dormant
Clinigen GAP Inc.	790 Township Line Road, Suite 120, Yardley, PA 19067, USA	USA	Dormant
Clinigen Consulting Limited	Crown Square, Burton-on-Trent DE14 2WW	UK	Non-trading trustee of Employee Benefit Trust
Clinigen GAP Limited	Crown Square, Burton-on-Trent DE14 2WW	UK	Dormant
Clinigen SP Limited	Crown Square, Burton-on-Trent DE14 2WW	UK	Dormant
Idis Pharma Private Limited	302, 3rd Floor, A-Wing, Rutu Business Park, Thane West, Mumbai 400606, India	India	Dormant
Keats Healthcare Limited	Crown Square, Burton-on-Trent DE14 2WW	UK	Dormant
Clinigen Pharma Limited	Crown Square, Burton-on-Trent DE14 2WW	UK	Dormant

All shareholdings in subsidiaries are owned 100% (2016: 100%) through the subsidiaries' ordinary share capital.

JOINT VENTURES

(In £m)	2017	2016
At 1 July	**7.4**	–
On acquisition	**–**	7.0
Share of profit	**0.8**	0.4
Exchange adjustments	**0.5**	–
At 30 June	**8.7**	7.4

Set out below are the joint ventures of the Group as at 30 June 2017. These were acquired as part of the acquisition of Link Healthcare in the year ended 30 June 2016. The joint ventures as listed below have share capital consisting solely of ordinary shares, 50% of which are held directly by the Group. The country of incorporation is also their principal place of business.

Name	Year end	Registered office	Country of incorporation	Measurement method
Novagen Pharma Pty Limited	31 March	100 Sovereign Dr, Route 21 Business Park, Pretoria, 0157, South Africa	South Africa	Equity
Medical Stockings Pty Limited	30 June	5 Apollo Street, Warriewood NSW 2102, Australia	Australia	Equity

The Group has no commitments and there are no contingent liabilities relating to the Group's interest in the joint ventures.

Set out below is the aggregated summarised financial information for the Group's joint ventures.

(In £m)	2017	2016
Summarised statement of financial position		
Non-current assets	**2.0**	1.6
Cash and cash equivalents	**2.9**	1.1
Other current assets	**5.6**	5.6
Current liabilities	**(2.2)**	(2.6)
Net assets	**8.3**	5.7
Summarised income statement		
Revenue	**16.2**	8.4
Profit after tax	**1.5**	0.9
Reconciliation of the summarised financial information to the carrying amounts in the joint ventures		
Opening net assets at 1 July	**5.7**	4.7
Profit for the year	**1.5**	0.9
Cumulative currency gains	**1.1**	0.1
Closing net assets	**8.3**	5.7
Interest in joint ventures at 50%	**4.1**	2.8
Goodwill	**4.6**	4.6
Carrying value	**8.7**	7.4

14. INVENTORIES

(In £m)	2017	2016 restated
Raw materials and consumables	**3.4**	2.8
Work in progress	**1.0**	1.1
Finished goods and goods for resale	**12.3**	11.7
	16.7	15.6

Inventory acquired, in October 2015, as part of the acquisition of Link Healthcare was fair valued at the acquisition date. The fair valuation resulted in an uplift of the carrying value of inventories of £1.7m. During the year, the fair values recognised on acquisition of Link were finalised with a £0.4m reduction to the fair value of inventory. This adjustment has been reflected in the goodwill recognised on acquisition and the 2016 comparative figures have been restated.

At 30 June 2017, finished goods include an amount of £nil (2016: £1.4m) carried at fair value less costs to sell.

The cost of inventories recognised as an expense and included in cost of sales amounted to £167.2m (2016: £236.9m).

Notes forming part of the consolidated financial statements continued

FOR THE YEAR ENDED 30 JUNE 2017

15. TRADE AND OTHER RECEIVABLES

(In £m)	2017	2016
Trade receivables	**59.8**	62.8
Less: provision for impairment of trade receivables	**(4.0)**	(5.2)
Trade receivables – net	**55.8**	57.6
Prepayments and accrued income	**6.2**	7.0
Payments made on account	**0.5**	1.4
Other receivables	**3.4**	2.8
Total trade and other receivables	**65.9**	68.8

When assessing for impairment, the credit risk of the client is taken into account when reviewing specific overdue balances. Due to the short-term nature of trade and other receivables, the book value approximates to their fair value save for where specific provision for impairment has been made. 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:

(In £m)	2017	2016
At 1 July	**5.2**	4.9
Utilised in respect of debts written off	**(0.6)**	–
Released to the income statement	**(1.0)**	(1.4)
Charged to the income statement	**0.4**	1.7
At 30 June	**4.0**	5.2

As at 30 June 2017 trade receivables of £12.1m (2016: £23.0m) were past due but not impaired. They relate to customers with no default history. The ageing analysis of these receivables is as follows:

(In £m)	2017	2016
Up to 3 months	**10.1**	17.9
3 to 6 months	**1.5**	3.4
More than 6 months	**0.5**	1.7
	12.1	23.0

16. CASH AND CASH EQUIVALENTS

(In £m)	2017	2016
Cash at bank and in hand	**27.8**	27.8

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; their credit ratings were RBS: BBB+, HSBC: AA-, ABSA: BB- and JP Morgan: A+.

17. TRADE AND OTHER PAYABLES

	2017		2016	
(In £m)	Current	Non-current	Current	Non-current
Trade payables	**54.8**	**–**	68.6	–
Payments received on account	**1.1**	**–**	1.9	–
Tax and social security	**1.2**	**–**	1.4	–
Other payables	**1.6**	**–**	1.0	–
Accruals and deferred income	**19.5**	**–**	15.7	–
Deferred consideration	**2.9**	**1.3**	2.2	2.5
Contingent consideration	**37.6**	**–**	–	8.5
	118.7	**1.3**	90.8	11.0

Deferred consideration is payable in respect of the acquisition of the Foscavir product extension and is payable in stage payments.

Contingent consideration is payable in respect of the Link business combination if certain profit milestones are achieved. This is recognised at the fair value of the liability at the period end. As the final consideration is expected to be paid within the next financial year, it has been reclassified from non-current to current liabilities. The fair value of the contingent consideration was initially measured at £7.8m at the date of acquisition.

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

18. LOANS AND BORROWINGS

The book value of loans and borrowings are as follows:

(In £m)	2017			2016		
	Current	**Non-current**	**Total**	Current	Non-current	Total
Bank borrowings	**45.5**	**17.3**	**62.8**	70.0	25.9	95.9

At 30 June 2017, the Group had a total bank facility of £122.0m available (2016: £131.0m). This consisted of a 5 year fixed term repayment loan of £27.0m (2016: £36.0m) and a revolving credit facility ('RCF') of £95.0m (2016: £95.0m). The RCF had a remaining period of 2 years 10 months and was renewable on a monthly basis. It is therefore included within current liabilities.

At 30 June 2017, the fixed term loan was fully utilised at £27.0m (2016: £36.0m) and £36.9m (2016: £61.3m) was borrowed against the revolving credit facility. All borrowings are in pounds sterling. There were no instances of default, including covenant terms in the year.

Interest is payable on a tiered scale based on the level of borrowing. The applicable interest rate on amounts drawn down is up to 2.75% plus LIBOR/EURIBOR (as applicable) on both the RCF and the term loan facility. The margin payable is dependent on the adjusted leverage ratio and will reduce to a minimum of 1.25% plus LIBOR/EURIBOR (as applicable) as adjusted leverage decreases.

The bank loans are secured on the intangible fixed assets of the Group.

On 13 September 2017 the Group announced the proposed acquisition of Quantum Pharma plc. To finance this proposed acquisition, the Group's bank facility has been extended for 5 years to 2022 and increased to £200m, with an option to increase the facility to £220m for 12 months exercisable on completion of the Quantum acquisition. The term loan has been repaid in full with the extended facility consisting entirely of RCF. In the event that the acquisition does not complete, the bank facility will revert back to £122m.

MATURITY OF LOANS AND BORROWINGS

The maturity profile of the carrying amount of the Group's borrowings at the year end was as follows:

(In £m)	2017			2016		
	Gross borrowings	**Unamortised issue costs**	**Net borrowings**	Gross borrowings	Unamortised issue costs	Net borrowings
Within 1 year	**45.9**	**(0.4)**	**45.5**	70.3	(0.3)	70.0
In more than 1 year but less than 2 years	**9.0**	**(0.4)**	**8.6**	9.0	(0.4)	8.6
In more than 2 years but less than 5 years	**9.0**	**(0.3)**	**8.7**	18.0	(0.7)	17.3
	63.9	**(1.1)**	**62.8**	97.3	(1.4)	95.9

FAIR VALUE OF BORROWINGS

The carrying amount and the fair value of the Group's borrowings are as follows:

(In £m)	Carrying amount		Fair value	
	2017	2016	**2017**	2016
Bank borrowings	**63.9**	97.3	**63.9**	94.4

The fair values of the Group's borrowings are within Level 2 of the fair value hierarchy.

19. PROVISIONS

(In £m)	**2017**	2016
At 1 July	**0.8**	1.5
Utilised in the year	**(0.8)**	(1.5)
Charged to the income statement	**–**	0.8
At 30 June	**–**	0.8

The provision related to costs associated with the restructuring of the acquired entities.

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;
- loans and borrowings; and
- derivatives.

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

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

(In £m)	2017	2016
Loans and receivables		
Cash and cash equivalents	**27.8**	27.8
Trade and other receivables	**56.8**	61.8
Assets at fair value through profit and loss		
Derivative financial instruments	**0.1**	–
Derivatives used for hedging		
Derivative financial instruments	**0.9**	–
Total financial assets	**85.6**	89.6
Financial liabilities measured at amortised cost		
Trade and other payables	**118.8**	100.4
Borrowings	**63.9**	97.3
Liabilities at fair value through profit and loss		
Derivative financial instruments	**–**	1.3
Total financial liabilities	**182.7**	199.0

RISK MANAGEMENT

A description of the Group's treasury policy and controls is included in the Financial Review on page 27.

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 Financial Controller or Chief Financial Officer.

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 15.

(In £m)	2017	2016
Financial assets – maximum exposure		
Cash and cash equivalents	**27.8**	27.8
Trade and other receivables	**56.8**	61.8
Derivative financial instruments	**1.0**	–
Total financial assets	**85.6**	89.6

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 25% (2016: 21%) 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. 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.

Foreign exchange risk also arises when individual Group entities enter into transactions denominated in a currency other than their functional currency. The Group hedges currency transactions internally through currency bank accounts and by managing group-wide currency requirements centrally. This reduces the currency risk exposure and allows retranslation of these balances into sterling to be planned in order to minimise the exposure to foreign exchange rate fluctuations. The Group uses forward contracts on large transactions where there is adequate visibility and the contract is not naturally hedged. This reduces the risk to fluctuating foreign exchange rates and permits the management better visibility and certainty of gross profit margins.

At the reporting date the Group had entered into time option contracts with the bank for US dollars, euros, Japanese yen, Hong Kong dollars and Australian dollars. These options all mature within 12 months of the reporting date. Forward exchange contracts are formally designated as hedges and hedge accounting applied to the extent that the relationship between the hedged items and the hedging Instrument allows it. Derivative financial instruments are carried at fair value. The mark-to-market valuation at the reporting date has been recognised in the balance sheet as a financial instrument asset or liability as appropriate.

The derivative financial instruments held by the Group are summarised as follows.

	2017		2016	
(In £m)	**Assets**	**Liabilities**	Assets	Liabilities
Forward foreign exchange contracts – cash flow hedges	**0.9**	**–**	–	–
Forward foreign exchange contracts – held-for-trading	**0.1**	**–**	–	1.3
	1.0	**–**	–	1.3

The notional principal amounts of the outstanding forward foreign exchange contracts at 30 June 2017 were £20.7m (2016: £16.3m).

The valuation of financial instruments at the reporting date is impacted by the foreign exchange rate at that date primarily in respect of the US dollar and euro. At 30 June 2017 if sterling had weakened/strengthened by 10% against both the US dollar and euro with all variables held constant, profit for the year would have been £0.1m (2016: £0.2m) higher/lower, mainly as a result of foreign exchange gains/losses on translation of US dollar/euro trade receivables, cash and cash equivalents, and trade payables. The figure of 10% used for sensitivity analysis has been chosen because it represents a range of reasonable fluctuations in exchange rates.

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 cash flow projections based on working capital modelling as well as information regarding cash balances and net debt 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:

(In £m)	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years
At 30 June 2017				
Trade and other payables	**78.5**	**40.2**	**1.5**	**–**
Borrowings	**39.1**	**6.8**	**9.0**	**9.0**
At 30 June 2016				
Trade and other payables	87.2	2.4	11.3	1.5
Borrowings	63.5	6.8	9.0	18.0
Derivative financial instruments	–	1.3	–	–

20. FINANCIAL INSTRUMENTS – RISK MANAGEMENT CONTINUED

Valuation hierarchy

The table below shows the financial instruments carried at fair value by valuation method:

(In £m)	2017 Level 1	2017 Level 2	2017 Level 3	2016 Level 1	2016 Level 2	2016 Level 3
Assets/(liabilities)						
Derivative financial instruments						
– forward foreign exchange contracts	**–**	**1.0**	**–**	–	(1.3)	–
Contingent consideration	**–**	**–**	**(37.6)**	–	–	(8.5)

The level 2 forward foreign exchange valuations are derived from mark-to-market valuations as at 30 June 2017. Fair value gains of £2.0m (2016: losses of £1.3m) relating to the movement on open forward foreign exchange contracts have been recognised in underlying administrative expenses. The level 3 contingent consideration liability is the discounted amount payable in respect of the Link acquisition as detailed in note 17. The amount payable is calculated based on reported earnings of the Link Healthcare entities for the year ended 30 June 2017.

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, hedging reserve and retained earnings) and long-term debt.

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 INCOME TAX

The analysis of deferred income tax assets and liabilities is as follows:

(In £m)	2017	2016
Deferred tax assets:		
Deferred tax assets to be recovered after more than 12 months	**(3.6)**	(3.5)
Deferred tax liabilities:		
Deferred tax liabilities to be recovered after more than 12 months	**17.8**	19.4
Deferred tax liabilities within 12 months	**2.3**	2.8
	20.1	22.2

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

Deferred tax liabilities (In £m)	Fair value gains	Total
At 30 June 2016	22.2	22.2
Credited to the income statement	(3.4)	(3.4)
Exchange differences	1.3	1.3
At 30 June 2017	**20.1**	**20.1**

Deferred tax assets (In £m)	Unexercised share options	Tax losses	Timing differences	Total
At 30 June 2016	0.8	1.2	1.5	3.5
Credited/(charged) to the income statement	0.2	(0.1)	(0.2)	(0.1)
Credited direct to equity	0.2	–	–	0.2
At 30 June 2017	**1.2**	**1.1**	**1.3**	**3.6**

Deferred income taxes are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred income tax assets of £1.1m in respect of tax losses of £2.9m that can be carried forward against future taxable income.

Deferred tax is calculated in full on temporary differences under the liability method using the enacted tax rate for the period when the temporary difference is expected to reverse. These rates are 19% for the period to 31 March 2020 and 17% thereafter (2016: 20% to 31 March 2017, 19% for 1 April 2017 to 31 March 2020 and 18% thereafter).

22. SHARE CAPITAL

Issued and fully paid	Number of shares ('000s) Ordinary shares of 0.1p each
At 1 July 2015	109,709
Issue of new shares	4,892
At 30 June 2016	**114,601**
Issue of new shares	553
At 30 June 2017	**115,154**

(In £m)	2017	2016
Ordinary shares of 0.1p each	**0.1**	0.1

During the year a further 553,529 shares were issued to satisfy share options that were exercised.

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.
Hedging reserve	Gains/losses arising on cash flow hedges
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 recognised elsewhere.

Included within the retained earnings reserve as at 30 June 2017 is £3.1m (2016: £2.8m) relating to unexercised share options which is not distributable.

24. OPERATING LEASE COMMITMENTS

The total future value of minimum lease payments under non-cancellable operating leases are:

(In £m)	2017	2016
Land and buildings:		
In 1 year or less	**2.3**	2.1
Between 1 and 5 years	**5.3**	5.3
In 5 years or more	**2.0**	3.3
	9.6	10.7

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 £1.2m (2016: £0.8m).

26. SHARE-BASED PAYMENTS

An equity-settled share-based payment charge of £2.0m (2016: £1.8m) has been recognised in the year.

The Company operated the following schemes:

Plan	Tax authority status	Employees	Granting, vesting conditions and exercise of share options
Chairman's Option Agreement	Unapproved	Chairman	The option vested on 18 September 2015 and was exercised in the year ended 30 June 2016.
Clinigen Group Long-Term Incentive Plan	Unapproved	All employees	Subject to performance criteria comparing total shareholder return versus the FTSE Small Cap Index (excluding investment companies) over a 3 year period. 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 UK 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 2 dealing days preceding the date of invitation, less 20%. 3 year vesting period. If options remain unexercised after a period of 6 months from the vesting date the options expire. If monthly contributions are not made for more than 6 months over the 3 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. 3 year vesting period. Options vest if employee still owns shares in 3 years or exercises their options under the Sharesave or US Stock Purchase Plan.
Clinigen Group US Stock Purchase Plan	US tax authority approved	All US 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 2 dealing days preceding the date of invitation, less 15%. 2 year vesting period.
Clinigen Group Long Term Incentive Plan 2015	Unapproved	All employees	Subject to performance criteria comparing total shareholder return versus the FTSE Small Cap Index (excluding investment companies) over a 3 year vesting period and a performance condition measuring the EPS of the Group against target EPS over a 3 year period. If the individual leaves earlier than the earliest vesting date, entitlement is at the discretion of the Remuneration Committee.
Clinigen Group All Staff Long Term Incentive Plan	Unapproved	All employees	Subject to performance criteria comparing total shareholder return versus the FTSE Small Cap Index (excluding investment companies) over a 3 year vesting period and a performance condition measuring the EPS of the Group against target EPS over a 3 year period. If the individual leaves earlier than the earliest vesting date, their share option lapses.

Details of the share options outstanding are as follows:

	2017		2016	
	Weighted average exercise price (p)	**Number**	Weighted average exercise price (p)	Number
Outstanding at 1 July	**1.47**	**1,717,199**	0.35	2,771,403
Granted during year	**0.76**	**824,147**	2.17	1,012,156
Forfeited during the year	**1.56**	**(168,383)**	1.36	(276,926)
Exercised during year	**0.96**	**(541,963)**	0.07	(1,789,434)
Outstanding at 30 June	**1.26**	**1,831,000**	1.47	1,717,199

Of the total number of options outstanding at 30 June 2017, 28,081 share options had vested (2016: 13,125).

The weighted average share price (at the date of exercise) of options exercised during the year was £7.28 (2016: £6.83).

The exercise price of options outstanding at 30 June 2017 ranged between £nil and £7.37 and their weighted average contractual life was 2 years 11 months.

The weighted average fair value of each option granted during the year was £5.82 (2016: £3.19).

The following information is relevant in the determination of the fair value of options granted during the year under the equity-settled share-based remuneration schemes operated by the Group. A stochastic valuation model is used to value awards with market-based conditions, and the Black-Scholes pricing model is used for all other schemes.

	2017	2016
Weighted average share price at grant date (£)	**£7.54**	£6.63
Exercise price (£)	**£nil to £7.37**	£nil to £6.49
Weighted average contractual life (in years)	**2.9**	3.0
Expected volatility (%)	**34.4**	37.6
Expected dividend yield (%)	**0.4 to 0.5**	0.5 to 0.6
Risk-free interest rate (%)	**0.2 to 0.3**	0.9 to 1.0

Expected volatility was determined by calculating the historical volatility of the Company's share price over the performance period immediately prior to the date of grant.

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.

Novagen Pharma Pty Limited ('Novagen') is a joint venture in which the Group has a 50% interest. During the year the Group charged distribution fees of £0.9m (2016: £0.9m) to Novagen, and recharged costs of £0.4m (2016: £0.3m) for services provided. There were no amounts receivable or payable at year end (2016: £0.1m receivable).

Notes forming part of the consolidated financial statements continued

FOR THE YEAR ENDED 30 JUNE 2017

28. BUSINESS COMBINATIONS

Following the acquisition of Link Healthcare in October 2015 and the disclosure of the provisional fair values in the annual report for the financial year ended 30 June 2016, the directors have reviewed the fair value of the assets and liabilities acquired. This review resulted in a reduction in the fair value of inventory of £0.4m.

The revised fair value of assets acquired and liabilities assumed on the Link Healthcare acquisition were as follows:

(In £m)	
Intangible assets	17.1
Investment in joint venture	7.0
Property, plant and equipment	0.6
Inventories	6.9
Trade and other receivables	6.6
Cash	1.9
Trade and other payables	(6.3)
Provision for deferred tax	(5.4)
Net assets acquired	**28.4**
Goodwill arising on acquisition	23.1
Total consideration	**51.5**

The total consideration of £51.5m initially used to calculate goodwill arising on acquisition, was made up of initial consideration of £43.7m and contingent consideration of £7.8m, being the discounted expected deferred payment which would be payable in October 2017. This contingent consideration was subject to performance against target EBITA and is calculated based on the expected results of Link Healthcare during that period taking into account its historical track record and financial forecasts.

The contingent consideration is included in the Group balance sheet in current trade and other payables. At 30 June 2017, the remeasurement of the contingent consideration increased the liability to £37.6m resulting in a charge to the income statement of £27.0m. This increase is shown in finance costs as the primary reason for the increase is the depreciation of sterling against the local functional currencies since October 2015.

The fair value of acquired inventories represents inventories valued at the sale price in line with IFRS 3 (revised) less provision for obsolescence and slow moving inventory following the application of Clinigen's group accounting policies. This provision takes account of the condition of inventory, the remaining expiry period and applies assumptions around expected future demand for the inventory.

The goodwill of £23.1m arising from the acquisition represents the geographical expansion potential provided through access to the South Africa and APAC markets, and the benefit of having local in-house regulatory expertise and distribution capabilities. None of the goodwill is expected to be deductible for income tax purposes.

29. CAPITAL COMMITMENTS

At 30 June 2017, the Group had committed £3.6m (2016: £6.0m) of expenditure for the design and implementation of the Oracle ERP system.

30. POST BALANCE SHEET EVENTS

On 13 September 2017, the Group announced the proposed acquisition of Quantum Pharma plc ("Quantum") valued at 82p per Quantum share (37p in cash and 0.0405 new Clinigen shares) totalling £150.3m for the entire diluted share capital. It is intended that the acquisition will be effected by means of a court-sanctioned scheme of arrangement which is subject to the agreement by Quantum shareholders.

To finance this proposed acquisition, the Group's bank facility has been extended for 5 years to 2022 and increased to £200m, with an option to increase the facility to £220m for 12 months exercisable on completion of the Quantum acquisition. The term loan has been repaid in full with the extended facility consisting entirely of RCF. In the event that the acquisition does not complete, the bank facility will revert back to £122m.

Independent auditors' report to the members of Clinigen Group plc

REPORT ON THE AUDIT OF THE COMPANY FINANCIAL STATEMENTS

OPINION

In our opinion, Clinigen Group plc's parent company financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 30 June 2017;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Accounts (the "Annual Report"), which comprise: the company balance sheet as at 30 June 2017; the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

OUR AUDIT APPROACH

Overview

- Overall materiality: £0.9 million (2016: £0.9 million), based on 0.5% of net assets.
- We conducted a full scope audit of the company.

Our assessment of the risk of material misstatement also informed our views on the areas of particular focus for our work which are listed below:

- Assessment of the carrying value of intangible assets.
- Assessment of the amount recognised relating to the contingent consideration arising from the acquisition of Link Healthcare Private Limited in October 2015.

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Independent auditors' report to the members of Clinigen Group plc continued

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Assessment of the carrying value of intangible assets Refer to the critical accounting estimates and judgements in note 2 and note 11 (Intangible assets) to the consolidated accounts. We focused on this area because the Directors' assessment of whether impairment triggers have been identified that could give rise to an impairment charge in relation to intangible assets, involved complex and subjective judgements and assumptions including the progress and future performance of individual products. The Directors' have prepared impairment assessment models which include a number of assumptions. The assumptions which are deemed to be the most significant in respect of these models are the revenue forecasts.	For each separate intangible asset we focused on the key assumptions relating to future revenue forecasts, margin expectations and associated selling costs. We were able to evaluate the reasonableness of the Directors' forecasts and expectations by corroborating evidence and assessing the margin and selling costs expected to be achieved by reference to historical margins realised, selling cost improvement plans and, where relevant, consideration of actual performance against prior year forecasts. As a result of our audit work, we determined that the Directors' assessment that no impairment charge is required to be recognised and the associated judgements taken were supportable.
Link contingent consideration Refer to the critical accounting estimates and judgements in note 2 to the consolidated accounts. The directors have reconsidered their estimate of the contingent consideration that is likely to be payable in relation to the acquisition of Link which was completed in October 2015. Based on the information currently available to them, they considered the provision in light of their current expectations as to the amount of consideration which they believe will be payable in October 2017 based on the EBITA performance to the end of the earn-out period in June 2017 adjusted for certain items as agreed between the Group and the vendors. The final calculation is sensitive to relatively small movements in EBITA and therefore represents an area of focus.	We understood the basis of the contingent consideration accrual and performed audit procedures on the EBITA performance of Link to 30 June 2017 as presented in the completion accounts. We recalculated the contingent consideration by agreeing the EBITA to the performance targets in the sales and purchase agreement.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which it operates. The Company is comprised of one component.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements
Overall materiality	£0.9 million (2016: £0.9 million).
How we determined it	0.5% of net assets.
Rationale for benchmark applied	We believe that net assets are a consistent basis for determining materiality as the parent company is not a profit orientated entity.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £45,000 (2016: £45,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's and Parent Company's ability to continue as a going concern.

REPORTING ON OTHER INFORMATION

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Report of the Directors, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and the report of the Directors

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Report of the Directors for the year ended 30 June 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Report of the Directors.

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement set out on page 40, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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 REQUIRED REPORTING

COMPANIES ACT 2006 EXCEPTION REPORTING

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
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

OTHER MATTER

We have reported separately on the group consolidated financial statements of Clinigen Group plc for the year ended 30 June 2017.

ANDREW HAMMOND
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham
27 September 2017

Company balance sheet

AS AT 30 JUNE 2017

(In £m)	Note	2017	2016
Assets			
Non-current assets			
Tangible fixed assets	3	**0.4**	0.6
Intangible fixed assets	4	**47.9**	45.5
Investments	5	**296.2**	296.2
Deferred tax assets	10	**2.3**	2.0
Total non-current assets		**346.8**	344.3
Current assets			
Debtors: amounts falling due within one year	6	**315.3**	8.7
Cash and cash equivalents		**1.8**	1.8
Total current assets		**317.1**	10.5
Total assets		**663.9**	354.8
Current liabilities			
Creditors: amounts falling due within one year	7	**88.3**	53.6
Loans and borrowings	9	**45.5**	70.0
Total current liabilities		**133.8**	123.6
Net current assets/(liabilities)		**183.3**	(113.1)
Total assets less current liabilities		**530.1**	231.2
Non-current liabilities			
Creditors: amounts falling due after more than one year	8	**1.3**	11.0
Loans and borrowings	9	**17.3**	25.9
Total non-current liabilities		**18.6**	36.9
Net assets		**511.5**	194.3
Equity attributable to owners of the Company			
Share capital	11	**0.1**	0.1
Share premium account		**161.2**	160.7
Merger reserve		**5.4**	5.4
At 1 July		**28.1**	16.7
Profit for the year attributable to the owners		**318.8**	13.3
Other changes in retained earnings		**(2.1)**	(1.9)
Retained earnings		**344.8**	28.1
Total equity		**511.5**	194.3

The financial statements on pages 80 to 87 were approved by the Board of Directors on 27 September 2017 and were signed on its behalf by:

S CHILTON
Director

M ABELL
Director

Statement of changes in equity

FOR THE YEAR ENDED 30 JUNE 2017

(In £m)	Share capital	Share premium account	Merger reserve	Retained earnings	Total equity
At 1 July 2015	0.1	141.0	5.4	16.7	163.2
Profit for the year	–	–	–	13.3	13.3
Share-based payment scheme	–	–	–	1.8	1.8
Deferred taxation on share-based payment scheme	–	–	–	(1.6)	(1.6)
Tax credit in respect of tax losses arising on exercise of share options	–	–	–	2.0	2.0
Dividend paid	–	–	–	(4.1)	(4.1)
Issue of new shares	–	19.7	–	–	19.7
Total contributions by and distributions to owners of the Company, recognised directly in equity	–	19.7	–	(1.9)	17.8
At 30 June 2016	**0.1**	**160.7**	**5.4**	**28.1**	**194.3**
Profit for the year	**–**	**–**	**–**	**318.8**	**318.8**
Share-based payment scheme	**–**	**–**	**–**	**2.0**	**2.0**
Deferred taxation on share-based payment scheme	**–**	**–**	**–**	**0.2**	**0.2**
Tax credit in respect of tax losses arising on exercise of share options	**–**	**–**	**–**	**0.6**	**0.6**
Dividend paid	**–**	**–**	**–**	**(4.9)**	**(4.9)**
Issue of new shares	**–**	**0.5**	**–**	**–**	**0.5**
Total contributions by and distributions to owners of the Company, recognised directly in equity	**–**	**0.5**	**–**	**(2.1)**	**(1.6)**
At 30 June 2017	**0.1**	**161.2**	**5.4**	**344.8**	**511.5**

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.
Retained earnings	All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

Notes to the Company balance sheet

FOR THE YEAR ENDED 30 JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Parent Company present information about the Company as a separate entity and not about its Group.

The accounting policies, set out in the consolidated accounts, unless otherwise stated have been applied consistently to the period presented in these Company financial statements.

The Company financial statements have been prepared and approved by the Directors in accordance with FRS 101.

The Company financial statements are prepared on the historical cost basis.

BASIS OF PREPARATION

No income statement is presented for the Company as permitted by Section 408(2) and (3) of the Companies Act 2006. The profit for the year was £318.8m (2016: £13.3m). Fees paid to PricewaterhouseCoopers LLP and its associates for audit and non-audit services to the Company itself are not disclosed in the individual financial statements of Clinigen Group plc because the Group financial statements are required to disclose such fees on a consolidated basis.

INVESTMENTS

Investments in subsidiaries are recorded at historical cost, less any provision for impairment.

The Company has elected to apply the exemption in s408 of the Companies Act and has not presented its separate statement of comprehensive income and related notes. It has also taken advantage of the exemptions under FRS 101 not to disclose related party transactions entered into between two or more members of the Group and not to prepare a cash flow statement. The Company has elected not to prepare disclosures under IFRS 7 in accordance with the exemptions under FRS 101. The Company's information relating to these disclosures are included within the consolidated accounts of Clinigen Group plc.

Judgements made by the Directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 2 of the consolidated financial statements.

2. STAFF COSTS

(In £m)	2017	2016
Staff costs (including Directors) comprise:		
Wages and salaries	**8.0**	4.6
Share-based payment expense	**2.0**	1.8
Defined contribution pension cost	**0.2**	0.2
Social security costs	**1.7**	0.9
	11.9	7.5

Contracts of employment for UK staff across the Group are held by Clinigen Group plc. Employees are allocated to subsidiary companies as appropriate and the cost of the employees' services is charged to the relevant subsidiary. The disclosures for staff costs and employee numbers relate to those employees which are not recharged to subsidiary entities.

EMPLOYEE NUMBERS

The average monthly number of staff working for the Company during the financial year amounted to:

Number	2017	2016
Directors	**2**	3
Staff	**110**	83
	112	86

KEY MANAGEMENT PERSONNEL COMPENSATION

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

(In £m)	2017	2016
Directors' remuneration included in staff costs:		
Wages and salaries	**2.0**	1.6
Defined contribution pension cost	**–**	0.1
Share-based payment expense	**0.6**	0.6
	2.6	2.3

Total emoluments of directors (including pension contributions) amounted to £2.6m (2016: £2.3m). Information relating to directors' emoluments, share options and pension entitlements is set out in the Remuneration Report on pages 36 to 38.

3. TANGIBLE FIXED ASSETS

(In £m)	Leasehold improvement	Plant and machinery	Furniture, fittings and equipment	Total
Cost				
At 30 June 2016	0.6	0.1	0.7	1.4
At 30 June 2017	**0.6**	**0.1**	**0.7**	**1.4**
Accumulated depreciation				
At 30 June 2016	0.1	0.1	0.6	0.8
Charge for the year	0.1	–	0.1	0.2
At 30 June 2017	**0.2**	**0.1**	**0.7**	**1.0**
Net book value				
At 30 June 2017	**0.4**	**–**	**–**	**0.4**
At 30 June 2016	0.5	–	0.1	0.6

4. INTANGIBLE FIXED ASSETS

(In £m)	Trademarks and licences	Computer software	Total
Cost			
At 30 June 2016	57.0	0.1	57.1
Additions	1.1	4.6	5.7
At 30 June 2017	**58.1**	**4.7**	**62.8**
Accumulated amortisation			
At 30 June 2016	11.6	–	11.6
Charge for the year	3.3	–	3.3
At 30 June 2017	**14.9**	**–**	**14.9**
Net book value			
At 30 June 2017	**43.2**	**4.7**	**47.9**
At 30 June 2016	45.4	0.1	45.5

5. INVESTMENTS

(In £m)	Investments in subsidiary companies
Cost or valuation	
At 30 June 2016 and 30 June 2017	296.2

During the year the Company sold its direct investment in Clinigen Healthcare Limited which was being carried at a value of £999 to a subsidiary company for a profit of £312.9m.

SUBSIDIARY UNDERTAKINGS

Subsidiaries at the end of the reporting year were as follows:

Name	Registered office	Country of incorporation	Nature of business
Clinigen Holdings Limited	Crown Square, Burton-on-Trent DE14 2WW	UK	Holding company
Clinigen International Holdings Limited	Crown Square, Burton-on-Trent DE14 2WW	UK	Holding company
Clinigen Healthcare Limited	Crown Square, Burton-on-Trent DE14 2WW	UK	Sales and distribution of pharmaceutical products
Clinigen Clinical Trials Limited	Crown Square, Burton-on-Trent DE14 2WW	UK	Holding company
Clinigen CTS Limited	Crown Square, Burton-on-Trent DE14 2WW	UK	Sales and distribution of pharmaceutical products
Clinigen CTS Inc.	790 Township Line Road, Suite 120, Yardley, PA 19067, USA	USA	Sales and distribution of pharmaceutical products
Idis Group Holdings Limited	Crown Square, Burton-on-Trent DE14 2WW	UK	Holding company
Idis Group Limited	Crown Square, Burton-on-Trent DE14 2WW	UK	Holding company
Idis Limited	Crown Square, Burton-on-Trent DE14 2WW	UK	Sales and distribution of pharmaceutical products
Clinigen Inc.	790 Township Line Road, Suite 120, Yardley, PA 19067, USA	USA	Provision of business development services

Notes to the Company balance sheet continued

FOR THE YEAR ENDED 30 JUNE 2017

5. INVESTMENTS CONTINUED

Name	Registered office	Country of incorporation	Nature of business
Clinigen Asia Pte. Limited	133 Cecil Street, #13-03 Keck Seng Tower, Singapore (069535)	Singapore	Holding company
Link Healthcare Singapore Pte Limited	133 Cecil Street, #13-03 Keck Seng Tower, Singapore (069535)	Singapore	Sales and distribution of pharmaceutical products
Link Healthcare KK	1-16-3, Nihonbashi, Chuo-ku, Tokyo 103-0027, Japan	Japan	Sales and distribution of pharmaceutical products
Clinigen KK	1-16-3, Nihonbashi, Chuo-ku, Tokyo 103-0027, Japan	Japan	Sales and distribution of pharmaceutical products
Link Healthcare SDN. BHD.	Upper Penthouse, Wisma RKT, No. 2 Jalan Raja Adbullah, 50300 Kuala Lumpa, Malaysia	Malaysia	Sales and distribution of pharmaceutical products
Link Healthcare Hong Kong Limited	Room 1901, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong	Hong Kong	Sales and distribution of pharmaceutical products
Link Healthcare Pty Limited	5 Apollo Street, Warriewood NSW 2102, Australia	Australia	Holding company
Link Medical Products Pty Limited	5 Apollo Street, Warriewood NSW 2102, Australia	Australia	Sales and distribution of pharmaceutical products
Link Pharmaceuticals Limited	RSM New Zealand, Ford Building, 86 Highbrook Drive, Auckland, 2013, New Zealand	New Zealand	Sales and distribution of pharmaceutical products
Clinigen South Africa Pty Limited	100 Sovereign Drive, Nellmapius Drive, Irene 0157, Pretoria, South Africa	South Africa	Holding company
Homemed Pty Limited	100 Sovereign Drive, Nellmapius Drive, Irene 0157, Pretoria, South Africa	South Africa	Sales and distribution of pharmaceutical products
Equity Pharmaceuticals Pty Limited	100 Sovereign Drive, Nellmapius Drive, Irene 0157, Pretoria, South Africa	South Africa	Sales and distribution of pharmaceutical products
Equity Medical Technologies Pty Limited	100 Sovereign Drive, Nellmapius Drive, Irene 0157, Pretoria, South Africa	South Africa	Sales and distribution of pharmaceutical products
Equipharm Specialised Distribution Pty Limited	100 Sovereign Drive, Nellmapius Drive, Irene 0157, Pretoria, South Africa	South Africa	Sales and distribution of pharmaceutical products
Plurilinx (Pty) Limited	100 Sovereign Drive, Nellmapius Drive, Irene 0157, Pretoria, South Africa	South Africa	Dormant
Chloromix (Pty) Limited	100 Sovereign Drive, Nellmapius Drive, Irene 0157, Pretoria, South Africa	South Africa	Dormant
PMIP Pty Limited	5 Apollo Street, Warriewood NSW 2102, Australia	Australia	Dormant
Link Holding 1 Pty Limited	5 Apollo Street, Warriewood NSW 2102, Australia	Australia	Dormant
Link Holding 2 Pty Limited	5 Apollo Street, Warriewood NSW 2102, Australia	Australia	Dormant
Idis MA Limited	Crown Square, Burton-on-Trent DE14 2WW	UK	Dormant
Idis GA Limited	Crown Square, Burton-on-Trent DE14 2WW	UK	Dormant
Clinigen GAP Inc.	790 Township Line Road, Suite 120, Yardley, PA 19067, USA	USA	Dormant
Clinigen Consulting Limited	Crown Square, Burton-on-Trent DE14 2WW	UK	Non-trading trustee of Employee Benefit Trust
Clinigen GAP Limited	Crown Square, Burton-on-Trent DE14 2WW	UK	Dormant
Clinigen SP Limited	Crown Square, Burton-on-Trent DE14 2WW	UK	Dormant
Idis Pharma Private Limited	302, 3rd Floor, A-Wing, Rutu Business Park, Thane West, Mumbai 400606, India	India	Dormant
Keats Healthcare Limited	Crown Square, Burton-on-Trent DE14 2WW	UK	Dormant
Clinigen Pharma Limited	Crown Square, Burton-on-Trent DE14 2WW	UK	Dormant

All shareholdings in subsidiaries are owned 100% (2016: 100%) through the subsidiaries' ordinary share capital.

JOINT VENTURES

Set out below are the joint ventures of the Group as at 30 June 2017, these were acquired as part of the acquisition of Link Healthcare group. The Group had no joint ventures in the prior year. The joint ventures as listed below have share capital consisting solely of ordinary shares, 50% of which are held directly by the Group. The country of incorporation is also their principal place of business.

Name	Year end	Registered office	Country of incorporation	Measurement method
Novagen Pharma Pty Limited	31 March	100 Sovereign Dr, Route 21 Business Park, Pretoria, 0157, South Africa	South Africa	Equity
Medical Stockings Pty Limited	30 June	5 Apollo Street, Warriewood NSW 2102, Australia	Australia	Equity

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

6. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

(In £m)	2017	2016
Amounts owed by Group undertakings	**314.6**	8.2
Prepayments and other debtors	**0.7**	0.5
	315.3	8.7

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

(In £m)	2017	2016
Trade creditors	**1.1**	0.5
Amounts owed to Group undertakings	**40.8**	46.8
Tax and social security	**1.1**	1.3
Other creditors	**0.2**	0.3
Accruals and deferred income	**4.6**	2.4
Deferred consideration	**2.9**	2.3
Contingent consideration	**37.6**	–
	88.3	53.6

Amounts owed to Group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

8. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

(In £m)	2017	2016
Deferred consideration	**1.3**	2.5
Contingent consideration	**–**	8.5
	1.3	11.0

Deferred consideration is payable in respect of the acquisition of the Foscavir product extension and is payable in stage payments.

Contingent consideration is payable in respect of the Link business combination if certain profit milestones are achieved. This is recognised at the fair value of the contingent liability at the period end. The fair value of the contingent consideration was initially measured at £7.8m at the date of acquisition.

All amounts are due within 5 years.

9. LOANS AND BORROWINGS

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

	2017			2016		
(In £m)	Current	Non-current	Total	Current	Non-current	Total
Bank borrowings	**45.5**	**17.3**	**62.8**	70.0	25.9	95.9

At 30 June 2017, the Group had a total bank facility of £122.0m available (2016: £131.0m). This consisted of a 5 year fixed term repayment loan of £27.0m (2016: £36.0m) and a revolving credit facility (RCF) of £95.0m (2016: £95.0m). The RCF had a remaining period of 2 years 10 months and was renewable on a monthly basis. It is therefore included within current liabilities.

At 30 June 2017, the fixed term loan was fully utilised at £27.0m (2016: £36.0m) and £36.9m (2016: £61.3m) was borrowed against the RCF. All borrowings are in pounds sterling. There were no instances of default, including covenant terms, in either the current or the preceding period.

Notes to the Company balance sheet continued

FOR THE YEAR ENDED 30 JUNE 2017

9. LOANS AND BORROWINGS CONTINUED

Interest is payable on a tiered scale based on the level of borrowing. The applicable interest rate on amounts drawn down is up to 2.75% plus LIBOR/EURIBOR (as applicable) on both the RCF and the term loan facility. The margin payable is dependent on the adjusted leverage ratio and will reduce to a minimum of 1.25% plus LIBOR/EURIBOR (as applicable) as adjusted leverage decreases.

The bank loans are secured on the intangible fixed assets of the Group.

On 13 September 2017 the Group announced the proposed acquisition of Quantum Pharma plc. To finance this proposed acquisition, the Group's bank facility has been extended for 5 years to 2022 and increased to £200m, with an option to increase the facility to £220m for 12 months exercisable on completion of the Quantum acquisition. The term loan has been repaid in full with the extended facility consisting entirely of RCF. In the event that the acquisition does not complete, the bank facility will revert back to £122m.

MATURITY OF LOANS AND BORROWINGS

The maturity profile of the carrying amount of the Group's borrowings at the period end was as follows:

	2017			2016		
(In £m)	**Gross borrowings**	**Unamortised issue costs**	**Net borrowings**	Gross borrowings	Unamortised issue costs	Net borrowings
Within 1 year	**45.9**	**(0.4)**	**45.5**	70.3	(0.3)	70.0
In more than 1 year but less than 2 years	**9.0**	**(0.4)**	**8.6**	9.0	(0.4)	8.6
In more than 2 years but less than 5 years	**9.0**	**(0.3)**	**8.7**	18.0	(0.7)	17.3
	63.9	**(1.1)**	**62.8**	97.3	(1.4)	95.9

10. DEFERRED TAX

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

Deferred tax assets (In £m)	2017	2016
At 1 July	**2.0**	3.8
Credited/(charged) to the income statement	**0.1**	(0.2)
Tax credit/(expense) recognised in equity	**0.2**	(1.6)
At 30 June	**2.3**	2.0

The deferred tax balance is made up as follows:

(In £m)	2017	2016
Losses	**1.1**	1.2
Share-based payment scheme	**1.2**	0.8
	2.3	2.0

11. CALLED UP SHARE CAPITAL

Issued and fully paid	Number of shares ('000s) Ordinary shares of 0.1p each
At 1 July 2015	109,709
Issue of new shares	4,892
At 30 June 2016	**114,601**
Issue of new shares	553
At 30 June 2017	**115,154**

(In £m)	2017	2016
Ordinary shares of 0.1p each	**0.1**	0.1

During the year a further 553,529 shares were issued to satisfy share options that were exercised.

12. FAIR VALUE MEASUREMENT

The table below analyses the fair value of the Company's assets and liabilities, into a fair value hierarchy based on the valuation technique used to determine fair value.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(In £m)	2017 Level 1	2017 Level 2	2017 Level 3	2016 Level 1	2016 Level 2	2016 Level 3
Liabilities						
Contingent consideration	**–**	**–**	**37.0**	–	–	8.5

There have been no transfers between level 1, level 2 or level 3 during the year.

FAIR VALUES OF FINANCIAL INSTRUMENTS

The fair values of all financial assets and financial liabilities by class together with their carrying amounts shown in the balance sheet are as follows:

(In £m)	Fair value 2017	Carrying amount 2017	Fair value 2016	Carrying amount 2016
Loans and receivables				
Cash and cash equivalents	**1.8**	**1.8**	1.8	1.8
Debtors excluding prepayments (note 6)	**314.6**	**314.6**	8.2	8.2
Total loans and receivables	**316.4**	**316.4**	10.0	10.0
Total financial assets	**316.4**	**316.4**	10.0	10.0
Financial liabilities measured at amortised cost				
Loans and borrowings	**(63.9)**	**(63.9)**	(94.4)	(97.3)
Creditors: amounts falling due within one year (note 7)	**(87.2)**	**(87.2)**	(53.6)	(53.6)
Creditors: amounts falling due after more than one year (note 8)	**(1.3)**	**(1.3)**	(11.0)	(11.0)
Total financial liabilities measured at amortised cost	**(152.4)**	**(152.4)**	(159.0)	(161.9)
Total financial liabilities	**(152.4)**	**(152.4)**	(159.0)	(161.9)
Total financial instruments	**164.0**	**164.0**	(149.0)	(151.9)

Management considers that the carrying amount of financial assets and liabilities recognised at amortised cost in the financial statements approximate their fair value. The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

13. 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.

There were no transactions with related parties, other than the Company's subsidiaries, during the year or the preceding year.

Company information

Clinigen Group plc is a public limited company, incorporated and registered in the UK with company number 06771928.

DIRECTORS
S Chilton
M Abell
P Allen (Non-Executive Chairman)
P George (Non-Executive)
J Hartup (Non-Executive)
I Nicholson (Non-Executive)
J Bacon (Non-Executive)

COMPANY SECRETARY AND REGISTERED OFFICE
A Miller
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