

**Clinigen Group plc (formerly
Clinigen Group Limited)**

Report and Financial Statements

Year Ended

30 June 2012

Company Number 06771928



BDO

Clinigen Group plc

Annual report and financial statements for the year ending 30 June 2012

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Country of incorporation

United Kingdom

Company number

06771928

Directors

P L George
R Sibson
A Leaver (resigned 20th August 2012)
L Leaver (resigned 20th August 2012)
J Hartup (Non-executive) (appointed 20th August 2012)

Secretary and registered office

R Sibson, Pitcairn House, Crown Square, Centrum 100, Staffordshire, Staffordshire, DE14 2WW

Auditors

BDO LLP, 125 Colmore Row, Birmingham, B3 3SD

Clinigen Group plc

Report of the directors for the year ending 30 June 2012

The directors present their report together with the audited financial statements for the year ended 30 June 2012

Results and dividends

The Consolidated statement of comprehensive income is set out on page 8 and shows the profit for the year

Dividends of £48.81 per share (£781,000) were paid to the shareholders during the year

Principal activities

The group's principal activity is that of the sale and distribution of pharmaceutical products. The group operates two divisions, "Products" and "Services". Within the Services division, there are two businesses: Clinigen_{CTS}, which offers Clinical Trial Supply ("CTS") services, and Clinigen_{GAP}, which offers Global Access Program ("GAP") services.

Clinigen_{CTS} focuses solely on creating innovative customer solutions for the global sourcing and supply of comparator drugs, as well as other support drugs needed for the well-being of patients in clinical studies.

Clinigen_{GAP} creates global tailored solutions that provide for patients access, via their clinicians, to unlicensed drugs through various permitted named patient programs, including compassionate use, commercial access and early access programs, as well as access through mature product access programs to licensed drugs that are in the process of being withdrawn from the market. These drugs are used in the therapeutic areas of leukaemia (and other areas of oncology), haematology, transplantation, anti-infective, pain management, gastrointestinal and hospital and critical care, as well as orphan diseases.

Clinigen Products focuses on the acquisition, development, registration, marketing and commercialisation of niche, hospital-only drugs in Clinigen's targeted therapeutic areas. It currently owns and supplies Foscovir® (a hospital-only drug for the treatment of CMV, which was acquired in 2010).

On 29th August 2012, the company re-registered under the Companies Act 2006 as a public company under the name of Clinigen Group plc.

Business review and future developments

Clinigen Group plc is the parent company for the Clinigen Group of companies.

The Company's strategy, in place since the formation of the Clinigen Group in 2010, is to

- focus on and globalise the Group's specialist services in clinical trial supply,
- develop into a leading provider of global early access programs and mature product access programs,
- acquire and revitalise drugs that have reached the end of their lifecycle with their current owner, and
- combine drug management and supply capabilities within Clinigen Products and the GAP Business with the specialist service of clinical trial drug supply in Clinigen_{CTS}, thereby exploiting the synergies across the Group's different businesses.

Clinigen Group plc

Report of the directors for the year ending 30 June 2012 *(Continued)*

CTS Business

ClinigenCTS revenue growth in the period has been driven largely by delivering its defined strategy of US expansion. US sales accounted for 30% of total ClinigenCTS sales in 2011 rising to 61% in 2012.

Investment in business development has grown the customer base significantly, with customer numbers increasing to 52 in 2012 from 39 in 2011.

As had been expected by management, due to lower margins in the US market, ClinigenCTS gross margin declined from 26.2% in 2011 to 17 per cent in 2012.

The stricter regulatory demands are driving the market to specialist service providers, thus providing an opportunity for ClinigenCTS.

GAP Business

Revenue for the GAP Business has decreased slightly compared to 2011 as a result of the Group undertaking its planned transition from a supplier only of UK Specials into a global provider of unlicensed medicines on an exclusive basis. This transition was completed during 2012, with the Group ending the supply of UK Specials and securing a number of new GAP programs. In 2011 three programs were managed by ClinigenGAP. In the year to 30 June 2012 seven programs, together with start-up fees from programs commencing in the current year, generated approximately £0.65 million of revenue. ClinigenGAP sales in the year ending 30 June 2013 will be derived entirely from GAP programs, of which there are currently 26 in place.

The gross margin for the GAP Business in 2011 benefitted from one particularly high margin UK Special supply contract. Following the planned transition away from UK Specials, gross margin in 2012 reflects a blended gross margin from various programs.

Products Division

Clinigen made its first product acquisition in March 2010 (effective 1 February 2010), when it acquired Foscavir® from AstraZeneca. Over the period from acquisition until February 2012, Clinigen managed the transfer into its control of the API used to make Foscavir® and of finished product manufacture, as well as gradually assuming control of sales and distribution to 15 licensed markets. Through its knowledge of unlicensed supply, Clinigen has also since acquisition grown sales into 28 unlicensed markets worldwide. Growth in sales in 2012 includes pricing increases, full year supply to the US and Canada and the start of sales to Japan.

Gross margin has remained at a constant level over the two years, in part as a result of the long-term agreements that the Group has entered into in respect of supply into the US and Japan. The Directors are expecting the divisional gross margin to remain in the region of approximately 80% for the current year.

Clinigen also aims, through in-licensing of drugs, to be the preferred partner for pharmaceutical and biotechnology companies which are seeking to maximise product and commercial opportunities globally.

These results have meant that the balance sheet continues to strengthen with shareholders' funds rising to 191% to £29,906k.

Clinigen Group plc

Report of the directors for the year ending 30 June 2012 *(Continued)*

We continue to look for opportunities to acquire, in-licence, develop, register, market and commercialise, specialist medicines in our target therapeutic areas. Clinigen also aims, through in-licensing of drugs, to be the preferred partner for pharmaceutical and biotechnology companies which are seeking to maximise product and commercial opportunities globally. In order to be able to continue to expand the business we look for new ways to raise funding.

Market overview

The group operates across certain segments of the pharmaceutical drug lifecycle.

CTS business

It is becoming increasingly common practice for pharmaceutical companies to conduct active comparator studies, rather than placebo-only trials.

The reliable supply of comparator drugs has become a critical requirement for pharmaceutical companies setting up clinical trials. Two potential developments in legislation emphasize this change in market approach. The first is the proposed change to the EU Good Distribution Practices Guideline, which will require an audit trail for all products from manufacture to clinical trial. This is very closely associated with the second legislative development, namely the introduction of the EU Falsified Medicines Directive, which aims to prevent counterfeit products entering the supply chain. The combination of these two developments means that, in order to achieve full regulatory compliance, the entire supply chain will need very clear visibility to the releasing QP, including items such as where the product has been stored, transport routes and storage conditions throughout. As a result, the Directors expect shorter and more closely-supervised supply chains direct from the manufacturer to become more prevalent.

GAP business

GAPs cover the provision of unlicensed medicines to patients with chronic, seriously debilitating or life-threatening diseases, in situations where alternative treatment options are non-existent or are unsatisfactory or have been exhausted. Patients in these circumstances have a high unmet medical need. GAPs are particularly relevant for new drugs that are likely to generate high pre-launch demand, including innovative treatments in oncology, infectious diseases and orphan (rare) diseases.

In many countries, advocacy groups and patients are applying pressure to the pharmaceutical industry to provide improved and earlier access to pre-launch drugs, which in turn is providing a stimulus to the market in which ClinigenGAP operates. While many programs are still handled internally by pharmaceutical companies, these non-core activities can be challenging to manage. Consequently, pharmaceutical companies are increasingly looking to outsource such activities to specialists such as ClinigenGAP. In addition, US pharmaceutical or biotech firms with no drugs marketed in Europe may not yet have European distribution channels in place. ClinigenGAP can provide significant value through its understanding of locally applicable regulations and logistics facilities.

Products business

In 2008, specialty pharmaceutical companies accounted for 15% of global pharmaceutical sales and 40% of those sales not accounted for by large pharmaceutical companies. The total global specialty pharmaceutical market was estimated to have had a value of approximately US\$116 billion in 2010 and is forecast to grow to approximately US\$141 billion by 2014. It has been estimated that spending on specialty pharmaceuticals will climb to more than 40% of total drug spend by 2030.

Clinigen Group plc

Report of the directors for the year ending 30 June 2012 (Continued)

Key performance indicators

The board utilises a number of key performance indicators to enable a consistent method of analysing performance, in addition to allowing the Directors to benchmark performance against similar businesses and the group's business plan. The key performance indicators utilised by the board can be split into Key financial performance indicators and key non-financial performance indicators.

The *Key financial performance indicators* are

Gross profit margin – measures the profit achieved on sales after taking account of the direct costs incurred in bringing the goods to a saleable condition. This is calculated by dividing the gross profit for the year by the turnover.

The group achieved a gross profit margin for the year of 35% representing a 9% decrease on the 2011 gross margin of 44%. This is as result of rapid growth in our lower margin US CTS business, which is explained more fully in the CTS business section.

EBITDA – measures the profit achieved on sales after taking account of the direct costs and overheads but before interest, depreciation and amortisation.

The group achieved an EBITDA for the year of £17.3m representing a 109% increase on the prior year.

The *Key non-financial performance indicators* are

Acquisition of a further product – Clinigen has an acquisition strategy in place and is exploring acquisition opportunities.

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

Political and charitable Donations

During the year the group made charitable donations of £22k (2011: £10k).

The group did not make any political donations.

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 controlling foreign currency transactions. The group has implemented policies that require appropriate credit checks before a sale is made. The group hedges its exposure to foreign currency fluctuations by using bank accounts denominated in foreign currencies.

Further detail is provided in note 18.

Principal risks and uncertainties

In addition to the financial risks facing the company, the Group is exposed to a number of risks arising from its operations.

Clinigen Group plc

Report of the directors for the year ending 30 June 2012 (Continued)

Supply risk

The Group does not carry out any manufacturing activities. Accordingly, Clinigen Products relies upon being able to source products from a very limited number of contract manufacturers. These contract manufacturers will be subject to a range of operating risks to which all manufacturers are exposed. These risks, all of which may include aspects that may be beyond the control of the relevant manufacturer, could lead to a material disruption in the supply of product to Clinigen Products and, accordingly, in the ability of Clinigen Products to supply its customers. In respect of current products, the Group have maintain a stock level to mitigate this risk, there can be no guarantee that these stocks would be sufficient for the entirety of the period before supplies from the relevant manufacturer could be resumed or an alternative supplier brought into production.

IT risk

The Group's operations and business could be impaired by a failure of its information technology systems, which require upgrading and upon which the Group's business is dependent for its regulatory and commercial standing. A failure of information technology systems, the inability to access data, a privacy breach or loss or corruption of data may each have a negative impact on the Group's businesses, cash flows, continued regulatory compliance and reputation.

In order to address this, the Group has commenced the upgrade of certain of its existing information technology infrastructure and software systems.

Taxation

Any change in the Group's tax status or in taxation legislation could affect the Group's ability to provide returns to Shareholders or alter post tax returns to Shareholders. By virtue of the global nature of the group, certain transactions and parts of the group are subject to taxation laws outside the UK tax regime. The group mitigates the risk of being unaware of significant change in these territories by utilizing international advisers and local experts in the relevant fields.

Events after the reporting date

These are detailed in note 29 of the financial statements.

Directors' responsibilities

The directors are responsible for preparing the Directors' 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 elected to prepare the financial statements 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. 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 company and the group and of the profit or loss of the group for that period.

Clinigen Group plc

Report of the directors for the year ending 30 June 2012 *(Continued)*

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 comply with the Companies
- Act 2006 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

Provision of information to the auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that

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

Auditors

The auditors, BDO LLP, have expressed their willingness to continue in office Under the Companies Act 2006 section 487 (2) they will automatically be re-appointed as auditors 28 days after these accounts are sent to members, unless the members exercise their rights under the Companies Act 2006 to prevent their appointment

This report was approved by the board on 17 September 2012 and signed on its behalf



R Sibson
Director

Clinigen Group plc

Independent auditor's report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CLINIGEN GROUP PLC (FORMERLY CLINIGEN GROUP LIMITED)

We have audited the financial statements of Clinigen Group plc (formerly Clinigen Group Limited) for the year ended 30 June 2012 which comprise the group statement of comprehensive income, group statement of financial position and company balance sheet, the group statement of cash flows, the group statement of changes in equity and the related notes. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with sections Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 30 June 2012 and of the group's profit for the year then ended,
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union,
- the parent company's financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Clinigen Group plc

Independent auditor's report (continued)

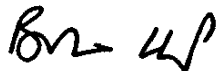
Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



*Stephen Ward (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Birmingham
United Kingdom
17 September 2012*

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

Clinigen Group plc

Consolidated statement of comprehensive income for the year ending 30 June 2012

	Note	2012 £'000	2012 £'000 Non- underlying	2012 £'000 Total	2011 £'000 Total
		Underlying	underlying	Total	Total
Revenue	3	82,146	-	82,146	35,024
Cost of sales		(53,114)	-	(53,114)	(19,523)
Gross profit		29,032	-	29,032	15,501
Administrative expenses		(12,966)	(5,530)	(18,496)	(8,357)
Profit from operations	4, 5	16,066	(5,530)	10,536	7,144
Finance expense	7	(284)	-	(284)	(391)
Profit before tax		15,782	(5,530)	10,252	6,753
Tax expense	8	(4,761)	1,108	(3,653)	(2,437)
Profit for the year attributable to equity holders of the parent company		11,021	(4,422)	6,599	4,316
Other comprehensive income					
Exchange gains arising on translation of foreign operations		29	-	29	19
Total comprehensive income attributable to equity holders of the parent company		11,050	(4,422)	6,628	4,335
<hr/>					
Earnings per share for profit attributable to the owners of the parent during the year	9				
Basic (£)				412.44	269.73
Diluted (£)				272.06	269.73

The non-underlying items relate to a charge of £4,618k in respect of the share based payment scheme and the corresponding credit to the tax expense for the year of £1,108k in respect of deferred tax and a provision of £912k for PAYE & NI in respect of payments made to the Remuneration Trust in prior periods

Clinigen Group plc

Consolidated statement of financial position as at 30 June 2012

<i>Company number 06771928</i>	Note	30 June 2012 £'000	30 June 2011 £'000	1 July 2010 £'000
Non-current assets				
Property, plant and equipment	11	432	66	100
Intangible assets	12	15,342	14,677	15,740
Deferred tax assets	20	10,122	218	
		<u>25,897</u>	<u>14,961</u>	<u>15,840</u>
Current assets				
Inventories	14	2,792	900	60
Trade and other receivables	15	14,564	3,888	1,437
Cash and cash equivalents		5,197	10,010	2,205
		<u>22,552</u>	<u>14,798</u>	<u>3,702</u>
Total assets		<u>48,450</u>	<u>29,759</u>	<u>19,542</u>
Liabilities				
Non-current liabilities				
Trade and other payables	16	-	-	2,105
Loans and borrowings	17	-	4,133	4,862
Deferred tax liability	20	-	-	7
		<u>-</u>	<u>4,133</u>	<u>6,974</u>
Current liabilities				
Trade and other payables	16	14,545	10,807	5,646
Loans and borrowings	17	1,626	1,178	905
Corporation tax liability		1,460	2,558	64
Provisions	19	912	795	-
		<u>18,543</u>	<u>15,338</u>	<u>6,615</u>
Total liabilities		<u>18,543</u>	<u>19,471</u>	<u>13,589</u>
NET ASSETS		<u>29,906</u>	<u>10,288</u>	<u>5,953</u>

Clinigen Group plc

Consolidated statement of financial position as at 30 June 2012 (Continued)

	Note	30 June 2012 £'000	30 June 2011 £'000	1 July 2010 £'000
Issued capital and reserves attributable to owners of the parent company				
Share capital	21	-	-	-
Merger reserve	22	5,463	5,463	5,463
Foreign exchange reserve	22	48	19	-
Retained earnings	22	24,395	4,806	490
TOTAL EQUITY		29,906	10,288	5,953

The financial statements were approved and authorised for issue by the Board of Directors and were signed on its behalf on 17 September 2012



P L George
Director



R Sibson
Director

Clinigen Group plc

Consolidated statement of cash flows as at 30 June 2012

	Note	2012 £'000	2011 £'000
Cash flows from operating activities			
Profit for the year		6,599	4,316
<i>Adjustments for</i>			
Depreciation of property, plant and equipment	11	55	52
Amortisation of intangible fixed assets		1,165	1,063
Interest expense		284	391
Income tax expense		3,653	2,437
Loss on disposal of property, plant and equipment		3	-
Share based payment expense		4,618	-
		<u>16,377</u>	<u>8,259</u>
 (Increase) in trade and other receivables	15	<u>(10,675)</u>	<u>(2,452)</u>
(Increase) in inventories	14	<u>(1,891)</u>	<u>(840)</u>
Increase in trade and other payables	16	<u>5,843</u>	<u>7,051</u>
Increase in provisions	18	<u>116</u>	<u>795</u>
Cash generated from operations		<u>9,770</u>	<u>12,813</u>
 Income taxes paid		<u>(5,501)</u>	<u>(169)</u>
Net cash flows from operating activities		<u>4,269</u>	<u>12,644</u>
Investing activities			
Purchases of property, plant and equipment	11	(425)	(18)
Purchase of intangible fixed assets		(3,935)	(3,995)
Net cash used in investing activities		<u>(4,360)</u>	<u>(4,013)</u>
Financing activities			
Interest paid		(285)	(391)
Loan repayments		(3,686)	(455)
Dividends paid		(781)	-
Net cash used in financing activities		<u>(4,751)</u>	<u>(846)</u>
 Net (decrease) / increase in cash and cash equivalents		<u>(4,842)</u>	<u>7,786</u>
Cash and cash equivalents at beginning of year		10,010	2,205
Exchange gains		29	19
Cash and cash equivalents at end of year		<u>5,197</u>	<u>10,010</u>

Clinigen Group plc

Consolidated statement of changes in equity as at 30 June 2012

	Share capital	Merger reserve	Foreign exchange reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000
At 1 July 2010	-	5,463	-	490	5,953
Profit for the year	-	-	-	4,316	4,316
Other comprehensive income	-	-	19	-	19
Total comprehensive income	-	-	19	4,316	4,335
At 30 June 2011 & 1 July 2011	-	5,463	19	4,806	10,288
Profit for the year	-	-	-	6,599	6,599
Other comprehensive income	-	-	29	-	29
Total comprehensive income	-	-	29	6,599	6,628
Share based payment scheme	-	-	-	4,618	4,618
Deferred taxation on share based payment scheme	-	-	-	9,153	9,153
Dividend paid	-	-	-	(781)	(781)
At 30 June 2012	-	5,463	48	24,395	29,906

Clinigen Group plc

Notes forming part of the financial statements for the year ending 30 June 2012

1 Accounting policies

Basis of preparation

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

These financial statements 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 preparation of financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in note 2.

First-time adoption of IFRS

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) using the measurement basis specified by IFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies in note 2. The date of transition to IFRS is 1 July 2010.

The financial statements are presented in sterling, being the currency of the primary economic environment in which the company operates. Functional and presentational currency of the Group is sterling.

The Group has applied IFRS 1 *First-time Adoption of International Financial Reporting Standards* (as revised in 2008) in preparing these first IFRS financial statements. The effects of the transition to IFRS on equity, total comprehensive income and reported cash flows are presented in note 28.

First-time adoption exemptions applied

Upon transition, IFRS 1 permits certain exemptions from full retrospective application. The Group has applied the mandatory exceptions and certain optional exemptions. The exemptions adopted by the Group are set out below.

Mandatory exceptions adopted by the Group

- Financial assets and liabilities that had been de-recognised before 1 July 2010 under previous GAAP have not been recognised under IFRS.
- The Group has used estimates under IFRS that are consistent with those applied under previous GAAP (with adjustment for accounting policy differences) unless there is objective evidence those estimates were in error.

Clinigen Group plc

Notes forming part of the financial statements (*continued*) for the year ending 30 June 2012

1 Accounting policies (*Continued*)

- The group opted to not apply IFRS 3, Business Combinations, retrospectively from the Transition Date. The retrospective basis would require restatement of all business combinations that occurred prior to the Transition Date. The Company elected not to retrospectively apply IFRS 3 to business combinations that occurred prior to its Transition Date and such business combinations have not been restated. Any goodwill arising on such business combinations before the Transition Date has not been adjusted from the carrying value previously determined under UK GAAP as a result of applying these exemptions.
- Retrospective application of IFRS would require the Company to determine cumulative currency translation differences in accordance with IAS 21, The Effects of Changes in Foreign Exchange Rates, from the date a subsidiary or equity method investee was formed or acquired. IFRS 1 permits cumulative translation gains and losses to be reset to zero at transition date. The Company elected to reset all cumulative translation gains and losses to zero in opening retained earnings at its Transition Date.

Overall considerations and first time adoption of IFRS

These accounting policies have been used throughout all periods presented in the financial statements, except where the Group has applied certain accounting policies and exemptions upon transition to IFRS. The exemptions applied by the Group and the effects of transition to IFRS are presented in note 28.

Presentation of financial statements in accordance with IAS 1 (Revised 2007)

The financial statements are presented in accordance with IAS 1 Presentation of Financial Statements (Revised 2007). The Group has elected to present the 'Statement of comprehensive income' in one statement.

In accordance with IFRS 1, the Group presents three statements of financial position in its first IFRS financial statements. In future periods, the Group presents two comparative periods for the statement of financial position only when it (i) applies an accounting policy retrospectively, (ii) makes a retrospective restatement of items in its financial statements, or (iii) reclassifies items in the financial statements.

Changes in accounting policies

- 'a) New standards, interpretations and amendments effective in the year ended 30 June 2012
- IAS 24 'Related Party Disclosures'. The revision to IAS 24 is in response to concerns that the previous disclosure requirements and the definition of a related party were too complex and difficult to apply in practice. This is a disclosure amendment and has no impact on the results or net assets of the group.
 - The improvements to IFRS. Improvements in this amendment clarify the requirements of IFRS and eliminate inconsistencies within and between standards.

The changes include amendments to

- IFRS 1 'First-time Adoption of International Financial Reporting Standards'
- IFRS 3 (Revised 2008) 'Business Combinations'
- IFRS 7 'Financial Instruments'
- IAS 1 (revised 2007) 'Presentation of Financial Statements'
- IFRIC 13 'Customer Loyalty Programmes'
- IAS 21 'The Effects of Changes in Foreign Exchange Rates'
- IAS 27 (as amended 2008) 'Consolidated and Separate Financial Statements'

Clinigen Group plc

Notes forming part of the financial statements for the year ending 30 June 2012

1 Accounting policies (*Continued*)

Management has concluded that to date there has been no impact on the results or net assets of the Group as a result of these amendments

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

The following new standards, interpretations and amendments, which have not been applied in this financial information, will or may have an effect on the Group's future financial information

- Amendments to IAS 1 This amendment requires companies to group together items within the Other Comprehensive Income that may be classified to the profit or loss section of the income statement. Management are currently assessing the impact of this amendment. It is effective for accounting periods beginning on or after 1 July 2012
- IFRS 9 is the first phase of the replacement of IAS 39 and covers the requirements for classification, measurement, derecognition and disclosure of financial assets and liabilities. It is effective for accounting periods beginning on or after 1 January 2015
- IFRS 10 'Consolidated financial statements' was published in May 2012 and will come into effect for accounting period ending on or after 1 January 2013. It introduces new requirements for determining which investee companies to consolidate and provides a single model to determine control aspects of investments
- IFRS 12 'Disclosure of Interests in Other Entities' covers disclosure requirements of entities that have interests in subsidiaries, joint ventures and associates. It was published in May 2012 and is effective for accounting periods beginning on or after 1 January 2013
- IFRS 13 'Fair Value Measurement' sets out in a single IFRS the framework for measuring fair value and the disclosure requirements of fair value measurements. It is effective for accounting periods beginning on or after 1 January 2013
- IAS 27 'Separate financial statements' contains disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. This is effective for accounting periods beginning on or after 1 January 2013

Basis of consolidation

Where the company has the power, either directly or indirectly, to govern the financial and operating policies of another entity or business so as to obtain benefits from its activities, it is classified as a subsidiary. The consolidated financial statements present the results of the company and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between Group companies are therefore eliminated in full.

Foreign currency

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 rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in profit or loss.

On consolidation, the results of overseas operations are translated into sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations, including goodwill arising on the acquisition of those operations, are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income and accumulated in the foreign exchange reserve.

Clinigen Group plc

Notes forming part of the financial statements for the year ending 30 June 2012

1 Accounting policies (Continued)

Foreign currency (continued)

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 are transferred to the consolidated statement of comprehensive income 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 management team including the Chief Executive Officer, the divisional Chief Operating Officers, the Chief Financial Officer, the Chief Technical Officer, the Group Financial Controller and the Group HR Manager.

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

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

Share based payments

Where equity settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the consolidated statement of comprehensive income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount 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 consolidated statement of comprehensive income over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the consolidated statement of comprehensive income is charged with the fair value of goods and services received.

Clinigen Group plc

Notes forming part of the financial statements for the year ending 30 June 2012

1 Accounting policies (*Continued*)

Non-underlying items

Non-underlying items are those significant items which the directors consider are not related to the normal trading activities of the group and are therefore separately disclosed to enable full understanding of the group's financial performance

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 consolidated statement of comprehensive income. Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is credited in full to the consolidated statement of comprehensive income on the acquisition date.

Externally acquired intangible assets

Externally acquired intangible assets are initially recognised at cost and subsequently amortised on a straight line basis over their useful economic lives.

The significant intangibles recognised by the Group and the amortisation rate used to amortise the asset over its useful economic life are as follows:

Intangible asset

Licences	Amortisation rate is 14.3% per annum
----------	--------------------------------------

The amortisation expense is recognised within administrative expenses in the combined statement of comprehensive income.

Impairment of non-financial assets (excluding inventories and deferred tax assets)

Impairment tests on goodwill and other intangible assets with indefinite useful economic lives are undertaken annually at the financial year end. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

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

Clinigen Group plc

Notes forming part of the financial statements for the year ending 30 June 2012

1 Accounting policies (Continued)

Impairment of non-financial assets (excluding inventories and deferred tax assets) (Continued)

Impairment charges are included in profit or loss, except to the extent they reverse gains previously recognised in other comprehensive income. An impairment loss recognised for goodwill is not reversed.

Property, plant and equipment

Items of property, plant and equipment are initially recognised at cost. As well as the purchase price, cost includes directly attributable costs.

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

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

Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Financial assets

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

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

The Group's loans and receivables comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position.

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less.

Clinigen Group plc

Notes forming part of the financial statements for the year ending 30 June 2012

1 Accounting policies (Continued)

Loans and receivables (Continued)

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

Financial liabilities

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

Other financial liabilities

Other financial liabilities include the following items:

- Borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. 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. Interest expense in this context includes initial transaction costs and premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.
- Trade payables and other payables, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Provisions

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

Retirement benefits: Defined contribution schemes

Contributions to defined contribution pension schemes are charged to the consolidated statement of comprehensive income in the year to which they relate.

Leased assets

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

Clinigen Group plc

Notes forming part of the financial statements for the year ending 30 June 2012

1 Accounting policies (*Continued*)

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.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the combined and 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.

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 amount of the asset or liability is determined using tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the deferred tax liabilities or assets are settled or recovered. Deferred tax balances are not discounted.

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.

Clinigen Group plc

Notes forming part of the financial statements for the year ending 30 June 2012

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) Property, plant and equipment

Property, plant and equipment is depreciated over the useful lives of the assets. Useful lives are based on the management's estimates of the period that the assets will generate revenue, which are reviewed annually for continued appropriateness. The carrying values are tested for impairment when there is an indication that the value of the assets might be impaired. When carrying out impairment tests these would be based upon future cash flow forecasts and these forecasts would be based upon management judgement. Future events could cause the assumptions to change, therefore this could have an adverse effect on the future results of the Group.

(b) Impairment of goodwill

The Group is required to test, on an annual basis, whether goodwill has suffered any impairment. 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 12. An impairment review was carried out at the date of transition.

(c) Share based payment charge

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

(d) Deferred Taxation

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

The amount of the asset or liability is determined using tax rates that have been enacted or substantially 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.

Clinigen Group plc

Notes forming part of the financial statements for the year ending 30 June 2012

3 Revenue

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

Supply of products and Clinical Trial Drug Supply

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.

Revenue in all periods principally arises from the provision of goods and services. Further information is available in Note 4 Segmental Information.

Global Access Programs

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

4 Segment information

The Group has three main reportable segments

- Clinical Trial Drug Supply – This division is involved in the sourcing and supply of comparator products for Clinical Trials and accounts for the largest proportion of the Group's business, generating 72% (2011 67%, 2010 76%) of its external revenues
- Supply of products - This division is involved in the manufacture and distribution of pharmaceutical products and contributed 26% (2011 28%, 2010 7%) of its external revenues
- Global Access Programs - This division provides on-going access to patients involved in clinical trials through the management of Access Programs and is the smallest of the Group's three divisions contributing 2% (2011 5%, 2010 17%) to the Group's external revenues

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

The Group's reportable segments are strategic business units that offer products and services into different markets. They are managed separately because each operational area focuses on a different phase of the pharmaceutical lifecycle.

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

Measurement of operating segment profit or loss, assets and liabilities

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies.

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

Clinigen Group plc

Notes forming part of the financial statements
for the year ending 30 June 2012

4 Segment information (continued)

	2012	2011
Classes of business	£'000	£'000
Revenue arises from		
Clinical Trial Drug Supply	58,809	23,369
Supply of products	21,747	9,729
Global Access Programs	1,590	1,926
	82,146	35,024
Gross profit arises from		
Clinical Trial Drug Supply	9,998	6,130
Supply of products	18,345	8,199
Global Access Programs	689	1,172
	29,032	15,501
Administrative expenses relating to underlying operations	(12,965)	(8,357)
Administrative expenses relating to non-underlying operations	(912)	-
Share based payment expense	(4,618)	-
Finance expense	(285)	(391)
Profit before tax	10,252	6,753
	2012	2011
	£'000	£'000
Geographical analysis		
Revenue arises from		
UK	20,651	9,622
Germany	12,872	5,061
Republic of Ireland	1,733	1,466
Rest of Europe	4,889	2,115
USA	38,075	16,409
Japan	2,014	-
Rest of World	1,912	351
	82,146	35,024

Clinigen Group plc

Notes forming part of the financial statements
for the year ending 30 June 2012

4 Segment information (*continued*)

	2012	2011
	£'000	£'000
Gross profit arises from		
UK	4,894	3,996
Germany	5,686	3,231
Republic of Ireland	331	505
Rest of Europe	2,848	1,337
USA	12,045	6,159
Japan	1,576	-
Rest of World	1,652	273
	29,032	15,501

Analysis of concentration of customers (based on customers contributing at least 10% of revenue):

Customer A – Clinical Trial Drug Supply division	-	4,354
Customer B – Clinical Trial Drug Supply division	12,363	-
Other	69,783	30,670
	82,146	35,024

5 Profit from operations

Profit from operations is stated after charging / (crediting)

	2012	2011
	£'000	£'000
Staff costs	10,693	3,289
Amortisation of intangible fixed assets	1,165	1,063
Depreciation	55	52
Operating lease rentals – land and buildings	118	13
Difference on foreign exchange	386	(101)
Auditors' remuneration		
Fees payable to the group's auditor for the audit of the group's financial statements	18	32
Fees payable to the group's auditor for the audit of the group's subsidiary financial statements	30	-
Other taxation services	34	-

Included in staff costs are share based payments of £4,618K (2011 £nil)

Clinigen Group plc

Notes forming part of the financial statements for the year ending 30 June 2012

6 Staff costs

	2012 £'000	2011 £'000
Staff costs (including directors) comprise		
Wages and salaries	4,413	2,984
Defined contribution pension cost	70	69
Share based payment expense	4,618	-
Social security contributions and similar taxes	1,591	236
	<u>10,693</u>	<u>3,289</u>

Employee numbers

The average number of staff employed by the group during the financial year amounted to

	2012 £'000	2011 £'000
Directors	7	7
Staff	59	41
	<u>66</u>	<u>48</u>

Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group. These are the directors of Clinigen Group Limited.

	2012 £'000	2011 £'000
Directors' remuneration included in Staff costs		
Wages and salaries	996	398
Service fees paid	-	329
Defined contribution pension cost	21	14
Share based payment expense	3,603	-
	<u>4,620</u>	<u>741</u>

There were 3 directors (2011: 2) who were members of the defined contribution pension scheme.

The total amount payable to the highest paid director in respect of emoluments was £556k (2011: £392k). There were no pension contributions made on their behalf. They also received share based payments of £1,954k (2011: £nil).

Clinigen Group plc

Notes forming part of the financial statements for the year ending 30 June 2012

7 Finance expense

	2012 £'000	2011 £'000
Finance expense		
Interest payable on loan notes	279	389
Bank interest	6	2
	<hr/>	<hr/>
Total finance expense	285	391
	<hr/>	<hr/>

8 Income tax

	2012 £'000	2011 £'000
Current tax expense		
Current tax on profits for the year	4,033	2,627
Adjustment for under provision in prior years	371	36
	<hr/>	<hr/>
	4,404	2,663
Deferred tax expense		
Origination and reversal of temporary differences	(751)	(225)
	<hr/>	<hr/>
Total tax expense	3,653	2,437
	<hr/>	<hr/>

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

	2012 £'000	2011 £'000
Profit for the period	10,252	6,753
Expected tax charge based on corporation tax rate of 24% (2011 27.5%)	2,460	1,857
Depreciation in excess of capital allowances	(17)	6
Expenses not deductible for tax purposes other than goodwill amortisation and impairment	1,553	17
Adjustments to tax charge in respect of prior periods	371	36
Short term timing differences	(362)	377
Higher rates of taxes on overseas earnings	181	370
Effect of change in rate in the year	217	-
	<hr/>	<hr/>
	4,404	2,663
Origination and reversal of temporary differences	(751)	(225)
	<hr/>	<hr/>
Total tax expense	3,653	2,437
	<hr/>	<hr/>

Clinigen Group plc

Notes forming part of the financial statements for the year ending 30 June 2012

8 Income tax (*Continued*)

Changes in the taxation rate

On 22 June 2010 the UK Chancellor of the Exchequer announced a number of corporate tax reforms effective from 1 April 2011. This included the reduction in mainstream rate of UK corporation tax from 28% to 24% over a period of 4 years, beginning 1 April 2011 and a proposed reduction in the main and special rate of capital allowances to 18% and 8% respectively for accounting periods ending after April 2012. The reduction in the rate of corporation tax to 27% was substantially enacted on 21 July 2010. As the company's timing differences are expected to reverse after this date, deferred tax has been provided at 27% at 31 December 2010.

Subsequently, on 23 March 2011 the UK chancellor made an announcement to further reduce the rate of corporation tax to 26% from April 2011 and therefore deferred tax has been provided at 26% at 30 June 2011.

On 5 July 2011, the reduction in the main rate of corporation tax to 25% was enacted for the finance year beginning 1 April 2012, which will have an effect on deferred taxation balances in future periods.

9 Earnings per share ("EPS")

a) *Earnings per share (as reported)*

	2012 £'000	2011 £'000
Profit		
Profit used in calculating basic and diluted EPS	6,599	4,316
Number of shares	Number	Number
Weighted average number of shares for the purpose of basic EPS	16,000	16,000
Effect of Employee share options	8,256	-
Weighted average number of shares for the purpose of diluted EPS	24,256	16,000
	£	£
EPS		
Basic	412.44	269.73
Diluted	272.06	269.73

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

Clinigen Group plc

Notes forming part of the financial statements
for the year ending 30 June 2012

9 Earnings per share ("EPS") (Continued)

b) Earnings per share (restated)

The following table sets out the restated earnings per share, based, in each year, on the weighted average number of shares during the year ended 30 June 2012 (as shown above)

	2012 £	2011 £
EPS (restated)		
Basic	412 44	269 73
Diluted	272 06	177 92
Weighted average number of shares for the purpose of basic EPS	16,000	16,000

10 Dividends

	2012 £'000	2011 £'000
Interim dividend of £48 81 (2011 nil) per ordinary share paid during the year	781	-

11 Property, plant and equipment

	Leasehold improvement £'000	Plant and machinery £'000	Furniture, fittings and equipment £'000	Total £'000
Cost				
At 1 July 2010	9	8	207	224
Additions	-	-	18	18
At 30 June 2011	9	8	225	242
Depreciation				
At 1 July 2010	2	2	120	124
Charge for the year	2	2	48	52
At 30 June 2011	4	4	168	176
Net book value				
At 30 June 2011	5	4	57	66
At 30 June 2010	8	5	87	100

Clinigen Group plc

Notes forming part of the financial statements
for the year ending 30 June 2012

11 Property, plant and equipment (continued)

	Leasehold improvement	Plant and machinery	Furniture, fittings and equipment	Total
Cost	£'000	£'000	£'000	£'000
At 1 July 2011	10	7	225	242
Additions	-	-	424	424
Disposals	(3)	-	(3)	(6)
Reclassifications	(2)	(2)	(169)	(173)
At 30 June 2012	5	5	477	487
Depreciation				
At 1 July 2011	4	4	168	176
Charge for the year	5	1	49	55
On disposals	(2)	(1)	-	(3)
Reclassifications	(2)	(2)	(169)	(173)
At 30 June 2012	5	2	48	55
Net book value				
At 30 June 2012	-	3	429	432
At 30 June 2011	18	1	81	100

12 Intangible assets

	Licenses £'000	Goodwill £'000	Total £'000
Cost			
At 1 July 2010 and at 30 June 2011	7,441	8,742	16,183
Amortisation			
At 1 July 2010	443	-	443
Charge for the year	1,063	-	1,063
At 30 July 2011	1,506	-	1,506
Net Book Value			
At 30 June 2011	5,935	8,742	14,677
At 30 June 2010	6,998	8,742	15,740

Clinigen Group plc

Notes forming part of the financial statements for the year ending 30 June 2012

12 Intangible assets (Continued)

	Licenses £'000	Goodwill £'000	Total £'000
Cost			
At 1 July 2011	7,441	8,742	16,183
Additions	1,830	-	1,830
	<u>9,271</u>	<u>8,742</u>	<u>18,013</u>
At 30 June 2012			
Amortisation			
At 1 July 2011	1,506	-	1,506
Charge for the year	1,165	-	1,165
	<u>2,671</u>	<u>-</u>	<u>2,671</u>
At 30 June 2012			
Net Book Value			
At 30 June 2012	<u>6,600</u>	<u>8,742</u>	<u>15,342</u>
At 30 June 2011	<u>5,935</u>	<u>8,742</u>	<u>14,677</u>

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

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

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

<u>Valuation basis</u>	<u>Value in use</u>
Key assumptions	Sales growth 5% Profit margins 15%
Determination of assumptions	Growth rates are based on management estimates and forecasts based on internal and external market information. Margins are based on past experience and cost estimates. Discount rate is based on weighted average cost of capital, and is a pre tax rate of 10%.
Period of specific projected cash flow used in forward cash flow forecasts	5 years
Discount rate	10%
Terminal growth rate	0%

Clinigen Group plc

Notes forming part of the financial statements for the year ending 30 June 2012

12 Intangible assets *(Continued)*

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

Sales growth	a reduction from 5% to 0%
Gross profit margin	a reduction from 15% to 13.5%
Discount rate	increase from 10% to 18%

13 Subsidiaries

The principal subsidiaries of Clinigen Group plc at each reporting date have been included in these consolidated financial statements. The principal subsidiary at 1 July 2010 was as follows

Name	Country of incorporation	Nature of business
Clinigen Healthcare Limited	United Kingdom	Sales and distribution of pharmaceutical products

The principal subsidiaries at 30 June 2011 and 30 June 2012 were as follows

Name	Country of incorporation	Nature of business
Clinigen Healthcare Limited	United Kingdom	Sales and distribution of pharmaceutical products
Keats Healthcare Limited (formerly Keats India Limited)	United Kingdom	Dormant
Clinigen CTS Inc (formerly Keats Healthcare Inc)	USA	Sales and distribution of pharmaceutical products
Clinigen Pharma Limited	United Kingdom	Dormant
Clinigen Clinical Trials Limited (formerly TSL Investments Limited)	United Kingdom	Holding Company
Clinigen CTS Limited (formerly Keats Healthcare Limited)	United Kingdom	Sales and distribution of pharmaceutical products
Clinigen GAP Limited	United Kingdom	Dormant

Clinigen Group plc held 100% of the ordinary share capital of Clinigen Healthcare Limited, Clinigen Pharma Limited and TSL Investments Limited

The shares in Keats Healthcare Inc (now Clinigen CTS Inc), Keats India Limited (now Keats Healthcare Limited) and Keats Healthcare Limited (now Clinigen CTS Limited) are held via Clinigen Group plc's 100% holding in TSL Investments Limited (now Clinigen Clinical Trials Limited)

Clinigen Group plc

Notes forming part of the financial statements for the year ending 30 June 2012

13 Subsidiaries (continued)

TSL Investments Limited changed its name to Clinigen CT Limited on 28 October 2010 and then to Clinigen Clinical Trials Limited on 17 February 2012

Keats Healthcare Limited changed its name to Clinigen CTS Limited on 17 February 2012

Keats Healthcare Inc changed its name to Clinigen CTS Inc on 17 February 2012

14 Inventories

	30 June 2012 £'000	30 June 2011 £'000	1 July 2010 £'000
Raw materials and consumables	749	533	42
Finished goods and goods for resale	2,043	367	18
	<u>2,792</u>	<u>900</u>	<u>60</u>

Finished goods include an amount of £177k (2011 £nil) carried at fair value less costs to sell

15 Trade and other receivables

	2012 £'000	2011 £'000	2010 £'000
Trade receivables	4,942	2,540	560
Less provision for impairment of trade receivables	(542)	(225)	(9)
	<u>4,400</u>	<u>2,309</u>	<u>551</u>
Trade receivables - net	4,400	2,309	551
Prepayments and accrued income	909	226	464
Payments made on account	7,736	1,128	88
Amounts due from related parties	16	6	-
Other receivables	1,503	219	334
Total trade and other receivables	<u>14,564</u>	<u>3,888</u>	<u>1,437</u>

Due to the short term nature of trade and other receivables and as the credit risk has been adjusted for, the book value approximates to their value

As at 30 June 2012 trade receivables of £525k (2011 £nil) were past due but not impaired. They relate to the customers with no default history. The ageing analysis of these receivables is as follows:

	2012 £'000	2011 £'000
Up to 3 months	515	-
3 to 6 months	10	-
	<u>525</u>	<u>-</u>

Clinigen Group plc

Notes forming part of the financial statements
for the year ending 30 June 2012

16 Trade and other payables

Current:

	30 June 2012 £'000	30 June 2011 £'000	1 July 2010 £'000
Trade payables	1,684	579	314
Payments received on account	7,837	3,492	142
Social security and other taxes	182	493	39
Amounts due to related parties	151	39	200
Other payables	36	2,583	4,052
Accruals and deferred income	4,655	3,621	899
	<u>14,545</u>	<u>10,807</u>	<u>5,646</u>

All current trade and other payables are payable within 3 months of the period end date shown above

Non current:	£'000	£'000	£'000
Other payables	-	-	2,105
	<u>-</u>	<u>-</u>	<u>2,105</u>

Book values approximate to fair value at 1 July 2010, 30 June 2011 and 30 June 2012

17 Loans and borrowings

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

	30 June 2012 Book value £'000	30 June 2011 Book value £'000	1 July 2010 Book value £'000
Non-Current			
Loan from related party	-	2,675	2,675
'A' loan notes	-	548	821
'B' loan notes	-	910	1,366
	<u>-</u>	<u>4,133</u>	<u>4,862</u>
Current			
Loan from related party	1,626	450	450
'A' loan notes	-	274	-
'B' loan notes	-	455	455
	<u>1,626</u>	<u>1,179</u>	<u>905</u>
Total loans and borrowings	<u>1,626</u>	<u>5,312</u>	<u>5,767</u>

Book values approximate to fair values at 30 June 2012, 30 June 2011 and 30 June 2010

Clinigen Group plc

Notes forming part of the financial statements for the year ending 30 June 2012

17 Loans and borrowings (*Continued*)

The loan notes comprise unsecured 'B' loan notes and 'A' loan notes which attracted interest at 6% per annum. The 'B' loan notes were repayable in amounts of £455,250 in December 2010, September 2011, September 2012 and September 2013. The 'A' loan notes were repayable in amounts of £273,667 in September 2011, September 2012 and September 2013. On 15 June 2012, the loan notes were settled in full.

Other unsecured loans comprise amounts due to ADL Healthcare Limited, a company of which A D Leaver is a director and shareholder, and amounts due to R Sibson, a director of the company and A Jenkins, who is a director of a subsidiary company.

18 Financial instruments - Risk Management

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

- Credit risk
- Foreign exchange risk
- 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

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

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

Financial assets – loans and receivables

	30 June 2012 £'000	30 June 2011 £'000
Cash and cash equivalents	5,197	10,010
Trade and other receivables	14,437	3,888
Total financial assets	19,634	13,898

Clinigen Group plc

Notes forming part of the financial statements
for the year ending 30 June 2012

18 Financial instruments - Risk Management (*Continued*)

Financial liabilities at amortised cost

	30 June 2012 £'000	30 June 2011 £'000
Trade and other payables	13,860	10,314
Loans and borrowings	1,626	5,312
Total financial liabilities	15,486	15,626

General objectives, policies and processes

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

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

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or a counterparty to a financial instrument fails to meet its contractual obligations. The Group is mainly exposed to credit risk from credit sales and payments made on account to suppliers. It is Group policy, implemented locally, to assess the credit risk of new customers before entering contracts. Such credit ratings are taken into account by local business practices.

The directors have established a credit policy under which each new customer is analysed individually for creditworthiness before credit terms are offered. The Group's review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer, which represents the maximum open amount without requiring approval from the Group Finance Controller or Group Finance Director.

Quantitative disclosures of the credit risk exposure in relation to financial assets are set out below. Further disclosures regarding trade and other receivables, which are neither past due nor impaired, are provided in note 15.

Financial assets – maximum exposure

	2012 £'000	2011 £'000
Cash and cash equivalents	5,197	10,010
Trade and other receivables	14,564	3,888
Total financial assets	19,761	13,898

Clinigen Group plc

Notes forming part of the financial statements for the year ending 30 June 2012

18 Financial instruments - Risk Management (Continued)

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 23% to the group's revenue, all of which is transacted in non-sterling currencies. The overseas subsidiaries operate separate bank accounts, which are used solely for that subsidiary, thus managing the currency in that country. When currency is to be repatriated to the UK, this is planned in order to minimise the exposure to foreign exchange rate fluctuations. The Group's net assets arising from such overseas operations are exposed to currency risk resulting in gains or losses on retranslation into sterling. Given the levels of materiality, the Group does not hedge its net investments in overseas operations as the cost of doing so is disproportionate to the exposure.

Foreign exchange risk also arises when individual Group entities enter into transactions denominated in a currency other than their functional currency. These transactions are significant to the group, wherever possible the group hedges currency transactions internally through currency bank accounts, this limits the currency risk exposure to the gains or losses on the retranslation of these balances into sterling. There are no external hedging instruments used.

The Group's borrowings are denominated in the Group's function currency and as such the exposure to foreign exchange risk was not material.

Liquidity risk

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

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

The Board receives annual 12-month cash flow projections based on working capital modelling as well as information regarding cash balances monthly. At the end of the financial year, these projections indicated that the Group expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances.

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

	Up to 3 months	Between 3 and 12 months
At 30 June 2012	£'000	£'000
Trade and other payables	14,545	-
Loans and borrowings	800	826
	<hr/>	<hr/>
Total	15,345	826
	<hr/>	<hr/>

Clinigen Group plc

Notes forming part of the financial statements for the year ending 30 June 2012

18 Financial instruments - Risk Management (Continued)

Liquidity risk (Continued)

	Up to 3 Months £'000	Between 3 and 12 Months £'000	Between 1 and 12 Year £'000	Between 2 and 5 Years £'000	Over 5 years £'000
At 30 June 2011					
Trade and other payables	10,807	-	-	-	-
Loans and borrowings	1,179	-	3,404	729	-
Total	11,986	-	3,404	729	-

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

- Trade and other payables – note 16
- Loans and borrowings – note 17

Capital management

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

The Group's objectives when maintaining capital are

- To safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders,
- 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.

Clinigen Group plc

Notes forming part of the financial statements for the year ending 30 June 2012

19 Provisions

	£'000
Balance at 1 July 2010	-
Charged to the profit and loss	795
Balance at 30 June 2011	795
Charged to the profit and loss	912
Released to the profit and loss	(795)
Balance at 30 June 2012	912

The provision arising in year ended 30 June 2011, relates to possible claims from customers where it was probable that the subsidiary company, Clinigen Healthcare Limited, would be liable to pay under certain national laws. The timing of the claims was uncertain and the provision was based on the directors' best estimate of the probable claims to be paid. In the current year it was assessed that there was no longer a probable liability and the provision has substantially been released to the consolidated statement of total comprehensive income.

The provision arising in year ended 30 June 2012, is for PAYE and NI payable in respect of payments made to the Remuneration Trust. As the amount payable is uncertain, a provision has been made for the best estimate of the economic outflow.

20 Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 24% (2011: 28%). The reduction in the main rate of corporation tax to 24% for financial years starting after 1 April 2012 has been applied to deferred tax balances which are expected to reverse in the future.

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

	2012 £'000	2011 £'000
Deferred tax (asset) / liability – opening balance	(218)	7
Tax expense recognized in profit and loss	(751)	(225)
Tax expense recognized in equity	(9,153)	-
Deferred tax (asset) – closing balance	(10,122)	(218)

Clinigen Group plc

Notes forming part of the financial statements for the year ending 30 June 2012

20 Deferred tax (Continued)

The deferred tax balance is made up as follows

	2012 £'000	2011 £'000
Accelerated capital allowances	139	166
Short term timing differences relating to provisions	-	(222)
Other short term timing differences	-	(162)
Share based payment scheme	(10,261)	-
	(10,122)	(218)

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

Deferred tax assets have arisen due to short term timing differences and capital allowances which lag behind the depreciation charged in the accounts. Given the profitability of the Group, these differences are expected to reverse in the near future and therefore the asset at 30 June 2012 and at 30 June 2011 has been recognised

In the year ended 30th June 2012, a deferred tax asset has been recognized in respect of the group's share based payment scheme. The credit to the Consolidated Statement of Total Comprehensive Income in respect of this deferred tax asset has been restricted to be 24% of the charge to the Consolidated Statement of Total Comprehensive Income accounted for under IFRS2 *share based payment*. £9,153k has been credited to equity which represents the excess of the estimated future tax deduction over the cumulative share based payment expense

21 Share capital

Authorised	30 June 2012 Number	30 June 2011 Number	1 July 2010 Number
Ordinary shares of £1 each	-	-	100
'A' Ordinary shares of £1 each	-	-	60
'A' Ordinary shares of £0.01 each	16,000	16,000	-
	£'000	£'000	£'000
Ordinary shares of £1 each	-	-	-
'A' Ordinary shares of £1 each	-	-	-
'A' Ordinary shares of £0.01 each	-	-	-

Clinigen Group plc

Notes forming part of the financial statements for the year ending 30 June 2012

21 Share capital *(Continued)*

Issued and fully paid

	Number	Number	Number
Ordinary shares of £1 each	-	-	100
'A' Ordinary shares of £1 each	-	-	60
'A' Ordinary shares of £0.01 each	16,000	16,000	16,000
	<u> </u>	<u> </u>	<u> </u>
	£'000	£'000	£'000
Ordinary shares of £1 each	-	-	-
'A' Ordinary shares of £1 each	-	-	-
'A' Ordinary shares of £0.01 each	-	-	-
	<u> </u>	<u> </u>	<u> </u>

On 28 June 2011, a special resolution was passed to reclassify all the shares as 'A' ordinary shares of £1 each and on the same date the 'A' ordinary shares were subdivided into 16,000 'A' ordinary shares of 1p each

22 Reserves

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

Reserve	Description and purpose
Merger reserve	Amount subscribed for share capital in excess of nominal value when shares are issued in exchange for at least a 90 per cent interest in the shares of another company
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 retained earnings reserve as at 30 June 2012 is £9,153K (2011: £nil) which is not distributable

Clinigen Group plc

Notes forming part of the financial statements for the year ending 30 June 2012

23 Leases

Operating leases

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

	2012 £'000	2011 £'000
Land and buildings:		
In one year or less	147	129
Between one and five years	306	368
In five years or more	189	183
	<u>642</u>	<u>680</u>

24 Retirement 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 £70,388 (2011 £69,323, 2010 £35,231)

25 Share based payment

The company operates an equity-settled share based remuneration scheme for executive directors and certain senior management. This is a United Kingdom tax authority approved scheme. The options vesting are subject to the following conditions

- Employees work greater than 25 hours per week
- An exercise event is triggered by either a sale of the company's shares or assets, or a listing, or the exercise date of 30 June 2014 is reached

In the event of a withdrawal from listing or sale, the exercise event is deemed to have occurred

In addition, the options will lapse if the individual leaves earlier than one month prior to the exercise date

	Weighted average exercise price 2012 (£)	2012 Number
Outstanding at 1 July	-	-
Granted during the year	26.61	8,256
Outstanding at 30 June	<u>26.61</u>	<u>8,256</u>

The exercise price of options outstanding at 30 June 2012 ranged between £14 and £40 and their weighted average contractual life was 3 years

Of the total number of options outstanding at 30 June 2012, none had vested. There were no options exercised during the year

Clinigen Group plc

Notes forming part of the financial statements for the year ending 30 June 2012

25 Share based payment (*Continued*)

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 scheme operated by the group

	2012
<i>Equity settled</i>	
Option pricing model	Black-Scholes
Weighted average share price at grant date (£)	758.69
Exercise price	£14 to £40
Weighted average contractual life(in years)	3
Expected volatility	30%
Expected dividend yield	0%
Risk free interest rate	1.1%

The contractual life of the option is three years, although the calculation for the share based payment is based on an option life of 1.25 years, being the expected option life based on the latest information available to the directors

The share-based remuneration expense (note 6) comprises of equity-settled schemes of £4,618k

The group did not enter into any share-based payment transactions with parties other than employees during the current or previous period

26 Related party transactions

Ultimate controlling party

The ultimate controlling parties are A Leaver and L Leaver by virtue of owning 100% of the share capital of Clinigen Group plc

Transactions with related parties

Transactions with the directors of the company are disclosed in note 6

Clinigen Group plc

Notes forming part of the financial statements for the year ending 30 June 2012

26 Related party transactions (*Continued*)

During the year, the group had the following transactions with related parties

	2012 £'000	2011 £'000
<i>ADL Healthcare Limited – a company of which AD Leaver is a director and shareholder</i>		
- Sales	14	21
- Recharged expenses	97	9
- Paid sales commissions	545	250
- Paid management charges	1,926	540
- Paid royalty payments	388	518
- Loan interest charges	243	27
- Amount due from Clinigen group	151	39
- Loan due to ADL Healthcare Limited	1,626	2,465
 <i>ADL Healthcare Limited SSAS – a pension scheme of which AD Leaver and L Leaver are trustees</i>		
- Rent paid	49	-
 <i>Ellis Pharma Limited – a company of which AD Leaver is a director and shareholder</i>		
- Sales	348	19
- Recharged expenses	10	-
- Paid sales commissions	50	-
- Supply of products	11	-
- Amount due to Clinigen group	16	6
 <i>Fountain Square Pharmacy Limited – a company of which AD Leaver is a director and shareholder</i>		
- Sales	-	1
 <i>Company in which directors or their immediate family have a significant / controlling interest</i>		
- Sales	1	-
- Fees receivable	77	138
- Payments made in respect of profit share agreement	159	-
- Purchases	116	378
- Balance due to related party	-	12
 <i>A Jenkins – a director of Clinigen Healthcare Limited, a subsidiary company</i>		
Loan due to directors	-	500
 <i>R Sibson – a director of the company</i>		
Loan due to directors	-	160

Clinigen Group plc

Notes forming part of the financial statements for the year ending 30 June 2012

27 Contingent liabilities

The Group had no contingent liabilities at 30 June 2011 or 30 June 2012

28 Transition to IFRS

In accordance with IFRS 1, a reconciliation is provided here of the Group's equity and profit reported previously under UK GAAP to the equity and total comprehensive income reported in accordance with IFRS in this historical financial information

	1 July 2010 £'000	30 June 2011 £'000
Total equity reported under UK GAAP	5,948	9,859
Amortisation of goodwill which is not in accordance with IFRS 3 business combinations	7	588
Impact on deferred tax in respect of amortisation of goodwill adjustment	(3)	(159)
Total equity reported under IFRS	5,952	10,288
	1 July 2010 £'000	30 June 2011 £'000
Total profit reported under UK GAAP	156	3,911
Amortisation of goodwill which is not in accordance with IFRS 3 business combinations	5	581
Impact on deferred tax in respect of amortisation of goodwill adjustment	(1)	(157)
Total comprehensive income reported under IFRS	160	4,335

All amounts shown relate to continuing activities

In the above table, the adjustments shown represent changes made to UK GAAP information to reflect our adoption of IFRS

29 Events after the reporting date

On 28th August 2012, the directors of the company announced their intention to float on the Alternative Investment Market ("AIM")

On 29th August 2012, the company re-registered under the Companies Act 2006 as a public company under the name of Clinigen Group plc

**Clinigen Group plc (formerly
Clinigen Group Limited)**

Company only financial statements

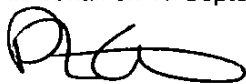
For the year ended 30 June 2012

Clinigen Group plc

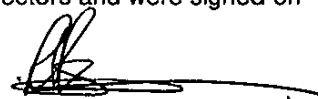
Company Balance Sheet as at 30th June 2012

<i>Company number 06771928</i>	Note	2012 £'000	2012 £'000	2011 £'000	2011 £'000
Fixed assets					
Tangible fixed assets	1	432		-	
Investments	2	9,141		9,141	
			9,573		9,141
Current assets					
Debtors	3	6,542		1,927	
Cash at bank and in hand		89		774	
		6,631		2,701	
Creditors: amounts falling due within one year	4	(5,610)		(2,901)	
Net current assets			1,021		(200)
Total assets less current liabilities			10,594		8,941
Creditors: amounts falling due after more than one year	5		-		(3,473)
Provisions for liabilities	6		22		-
Net assets			10,572		5,468
Capital and reserves					
Called up share capital			-		-
Merger reserve	7		5,463		5,463
Profit and loss account			5,109		5
Shareholders' funds			10,572		5,468

The financial statements were approved and authorised for issue by the Board of Directors and were signed on its behalf on 17 September 2012



P L George
Director



R Sibson
Director

Clinigen Group plc

Notes to the company Balance Sheet as at 30th June 2012

1 Tangible fixed assets

	Leasehold improvement	Plant and machinery	Furniture, fittings and equipment	Total
Cost	£'000	£'000	£'000	£'000
At 1 July 2011	-	-	-	-
Additions	8	5	480	493
Disposals	(3)	-	(3)	(6)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2012	5	5	477	487
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 1 July 2011	-	-	-	-
Charge for the year	8	2	48	58
On disposals	(3)	-	-	(3)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2012	5	2	48	55
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 30 June 2012	-	3	429	432
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2011	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

2 Investments

	Investments in subsidiary companies
Cost or valuation	£'000
At 1 July 2011 and 30 June 2012	9,141
	<hr/>
Net book value	
At 30 June 2012	9,141
	<hr/>
At 30 June 2011	9,141
	<hr/>

Clinigen Group plc

Notes to the company Balance Sheet as at 30th June 2012

2 Investments (continued)

Subsidiary undertakings

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

Name	Country of incorporation	Nature of business
Clinigen Healthcare Limited	United Kingdom	Sales and distribution of pharmaceutical products
Keats Healthcare Limited (formerly Keats India Limited)	United Kingdom	Dormant
Clinigen CTS Inc (formerly Keats Healthcare Inc)	USA	Sales and distribution of pharmaceutical products
Clinigen Pharma Limited	United Kingdom	Dormant
Clinigen Clinical Trials Limited (formerly TSL Investments Limited)	United Kingdom	Holding Company
Clinigen CTS Limited (formerly Keats Healthcare Limited)	United Kingdom	Sales and distribution of pharmaceutical products
Clinigen GAP Limited	United Kingdom	Dormant

Clinigen Group plc held 100% of the ordinary share capital of Clinigen Healthcare Limited, Clinigen Pharma Limited and TSL Investments Limited

The shares in Keats Healthcare Inc (now Clinigen CTS Inc), Keats India Limited (now Keats Healthcare Limited) and Keats Healthcare Limited (now Clinigen CTS Limited) are held via Clinigen Group plc's 100% holding in TSL Investments Limited (now Clinigen Clinical Trials Limited)

TSL Investments Limited changed its name to Clinigen CT Limited on 28 October 2010 and then to Clinigen Clinical Trials Limited on 17 February 2012

Keats Healthcare Limited changed its name to Clinigen CTS Limited on 17 February 2012

Keats Healthcare Inc changed its name to Clinigen CTS Inc on 17 February 2012

3 Debtors

	2012 £'000	2011 £'000
Trade debtors	99	-
Amounts owed by group undertakings	2,369	1,845
Other debtors	398	12
Prepayments and accrued income	3,676	70
	<u>6,542</u>	<u>1,927</u>

Clinigen Group plc

Notes to the company Balance Sheet as at 30th June 2012

4 Creditors : amounts falling due within one year

	2012 £'000	2011 £'000
Loan notes	1,626	729
Trade creditors	162	42
Amounts owed to group undertakings	1,403	1,398
Corporation tax	238	-
Social security and other taxes	186	256
Other creditors	17	4
Accruals and deferred income	1,978	472
	<u>5,610</u>	<u>2,901</u>

5 Creditors amounts falling due after more than one year

	2012 £'000	2011 £'000
Loan notes	-	1,458
Other creditors	-	2,015
	<u>-</u>	<u>3,473</u>

The loan notes comprise unsecured 'B' loan notes and 'A' loan notes which attracted interest at 6% per annum. The 'B' loan notes were repayable in amounts of £455,250 in December 2010, September 2011, September 2012 and September 2013. The 'A' loan notes were repayable in amounts of £273,667 in September 2011, September 2012 and September 2013. On 15 June 2012, the loan notes were settled in full.

Other unsecured loans comprise amounts due to ADL Healthcare Limited, a company of which A D Leaver is a director and shareholder, and amounts due to R Sibson, a director of the company and A Jenkins, who is a director of a subsidiary company.

Clinigen Group plc

Notes to the company Balance Sheet as at 30th June 2012

6 Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 24% (2011 £28%) The reduction in the main rate of corporation tax to 24% for financial years starting after 1 April 2012 has been applied to deferred tax balances which are expected to reverse in the future

The movement on the deferred tax account is as shown below

	2012 £'000	2011 £'000
Deferred tax liability – opening balance	-	-
<i>Recognised</i>		
Adjustment in respect of prior years	(5)	-
Effect of change in rate in the year	27	-
Deferred tax liability – closing balance	22	-

The deferred tax liability is made up as follows

	2012 £'000	2011 £'000
Accelerated capital allowances	22	-

7 Share capital

Authorised	30 June 2012 Number	30 June 2011 Number
'A' Ordinary shares of £0.01 each	16,000	16,000
	£'000	£'000
'A' Ordinary shares of £0.01 each	-	-

Clinigen Group plc

Notes to the company Balance Sheet as at 30th June 2012

7 Share capital (*Continued*)

Issued and fully paid

	2012	2011
	Number	Number
'A' Ordinary shares of £0.01 each	16,000	16,000
	<u>£'000</u>	<u>£'000</u>
Ordinary shares of £1 each	-	-
'A' Ordinary shares of £1 each	-	-
'A' Ordinary shares of £0.01 each	-	-
	<u></u>	<u></u>

On 28 June 2011, a special resolution was passed to reclassify all the shares as 'A' ordinary shares of £1 each and on the same date the 'A' ordinary shares were subdivided into 16,000 'A' ordinary shares of 1p each

8 Reserves

	Merger reserve	Profit and loss account
	£'000	£'000
At 1 July 2011	5,463	5
Profit for the year	-	5,885
Dividend paid	-	(781)
	<u></u>	<u></u>
At 30 June 2012	5,463	5,109
	<u></u>	<u></u>

Included within retained earnings reserve as at 30 June 2012 is £9,153K (2011: £nil) which is not distributable

Clinigen Group plc

Notes to the company Balance Sheet as at 30th June 2012

9 Reconciliation in shareholders' funds

	2012	2011
	£'000	£'000
Opening shareholders' funds	5,468	5,468
Profit for the year	5,885	-
Dividend paid	(781)	-
Closing shareholders' funds	10,572	5,468

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

The profit for the year ended 30 June 2012 in the accounts of the company was £5,885k (2011 £nil)