Global Leader

Clinigen Group plc
Annual Report and Accounts
2016

CLINIGEN
Group plc

Clinigen Group is a global pharmaceutical and services company with a unique combination of businesses focused on providing access to medicines.

Clinigen's mission is to deliver the **right medicine** to the **right patient** at the **right time** operating in three areas of global medicine supply: clinical trials, unlicensed and licensed medicines.

LOCATIONS

11

COUNTRIES SUPPLIED

113

DIVISIONS

5

CTS UNITS SHIPPED

715,000

UNLICENSED UNITS SHIPPED

1,427,000

LICENSED UNITS SHIPPED

1,833,000

FINANCIAL HIGHLIGHTS

A strong financial performance

- Reported revenue up 84% to £339.9m
- Adjusted gross profit[1] up 90%, driven by acquisitions and organic growth
- Adjusted EPS[1] up 25% to 35.0p (2015: 28.0p)
- Reported EPS of 11.9p (2015: 6.5p) after one off acquisition costs and post acquisition restructuring costs
- £49.4m cash generated from operations, up 213%
- Net debt decreased £8.1m to £68.1m after £28.5m spent on acquisitions
- Full year dividend increased 18% to 4.0p (2015: 3.4p)
- Strongest performances by Specialty Pharmaceuticals ('SP'), driven by revitalisation of newer products[2], and Clinical Trial Services ('CTS')
- Integration of Idis and Link Healthcare ('Link') acquisitions substantially complete
- Acquisition of Totect and Foscavir bag line extension enhances SP portfolio

FINANCIAL PERFORMANCE

1 The adjusted results exclude share based payment costs, amortisation, non-underlying costs and include the 50% share of the unaudited results from the Joint Venture ('JV') in South Africa

2 Newer products refers to Ethyol, Cardioxane, and Savene

Building our global footprint

The Link Healthcare acquisition has extended the Group's presence into Africa, Australia and the Asia region

1 The adjusted results exclude share based payment costs, amortisation, non-underlying costs and include the 50% share of the unaudited results from the Joint Venture in South Africa

Contents

KLARI REIS
From her painting studio in San Francisco, California, Klari uses the tools and techniques of science to create her artwork. Our cover features one of her 150 piece petri dish installations. Detailed images of her colorful petri creations can be found on pages 15 and 39 and on her website at **www.klariart.com**

Building global leadership

HOW ARE WE STRUCTURED?

The Group is focused on three areas of global medicine supply: clinical trials, unlicensed and licensed medicines, operating with five synergistic divisions.

Supply and management of quality assured comparator drugs and services to clinical trials	Provides exclusive access to pre-licensed innovative medicines with high unmet medical need	On-demand access for hospital pharmacists to medicines which are unlicensed at their point of care	Local exclusive access to unlicensed, licensed or generic medicines in the AAA[1] region	Acquires global rights and revitalises hospital only and critical care medicines
PG 18	PG 20	PG 22	PG 24	PG 26
2016 highlights				
– Increased penetration into cornerstone clients – Further development of expanded services reinforcing our market-leading position – Wider business capability following Idis and Link acquisitions harnessed to cross-sell into new clients	– Development of value added services, including launch of Clinigen Consulting Services – Customer services centralised – Increased client penetration	– Increased number of exclusive supply agreements – Customer services centralised – Increased pipeline of new products	– Building scale in Asia – Increased portfolio of licensed and unlicensed drugs – Gaining benefits from leveraging Group client base and procurement capability	– Newer products[2] collectively increased gross profits by over 30% – Newer products now represent 36% of divisional gross profit (2015: 30%) – Acquisition of Totect expands Dexrazoxane portfolio into the US – Development of Foscavir bag line extension – Strategic alliance formed with Cumberland Pharmaceuticals in the US

1 AAA is the Africa, Australia and Asia region
2 Newer products refers to Ethyol, Cardioxane, and Savene

HOW DID WE PERFORM IN THIS YEAR?

ADJUSTED GROSS PROFIT (£M)[1]

£102.1m

2015: £53.7m

ADJUSTED EBITDA (£M)[1]

£56.0m

2015: £32.3m

ADJUSTED BASIC EARNINGS PER SHARE (PENCE)[1]

35.0p

2015: 28.0p

DIVIDEND PER SHARE (PENCE)

4.0p

2015: 3.4p

1 The adjusted results exclude share-based payment costs, amortisation, non-underlying costs and include the 50% share of the unaudited results from the joint venture in South Africa

WHAT WAS THE MARKET BACKDROP?

In each of the three markets in which we operate, conditions and trends continue to be favourable with increased demand for a global specialist service provider.

Clinical trials

Trend to outsource continues, clients increasingly wanting a global solution, regulatory environment becoming more complex, comparator drugs increasingly used over placebos, and growth in investigator initiated trials ('IITs').

Unlicensed

Growth in emerging pharmaceutical markets, increased threat from counterfeit products, rising demand for Real World ('RW') data and increased patient advocacy.

Licensed

Increased scrutiny on price of drugs has led to pharmaceutical companies wanting to divest to trusted partners.

WHAT IS OUR INVESTMENT CASE?

Clinigen is unique in offering access to medicines at all stages of the pharmaceutical product life cycle from clinical trials and managing early access programmes through to mature products towards the end of their life cycle.

UNIQUE COMBINATION OF BUSINESSES
EXTENDING ACROSS PHARMACEUTICAL PRODUCT LIFE CYCLE WITH CLEAR SYNERGIES

MARKET-LEADING POSITIONS
#1 IN CTS, MANAGED ACCESS AND GLOBAL ACCESS

SIGNIFICANT LONG-TERM GROWTH POTENTIAL
BOTH ORGANIC AND ACQUISITIONAL GROWTH OPPORTUNITY

HIGHLY CASH GENERATIVE
WITH STRONG COST CONTROL

UNPARALLELED KNOWLEDGE AND EXPERTISE
IN SUPPLY OF UNLICENSED MEDICINES

GLOBAL CAPABILITY
SUPPLYING INTO 113 COUNTRIES

TRUSTED ETHICAL SUPPLIER
DEEP RELATIONSHIPS WITH PHYSICIANS AND BIG PHARMA

EXPERIENCED MANAGEMENT TEAM
DELIVERING TRACK RECORD OF GROWTH

WHAT ARE OUR BUSINESS SYNERGIES?

Our unique business model and our ability to operate across all three stages of the product life cycle bring key benefits maximising value for the Group.

1. Centralised customer service department is scalable, efficient and cost effective
2. Superior regulatory, pharmacovigilance and quality management knowledge required in Specialty Pharmaceuticals provides competitive advantage in services divisions
3. Unparalleled knowledge of the complex global supply chain environment for both licensed and unlicensed products provides strong distribution capabilities and synergies
4. Broad and embedded relationships with pharmaceutical companies and pharmacists provide cross-selling opportunities

WHAT ARE OUR STRATEGIC PRIORITIES?

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

1. World-class customer service every time
2. Become the "go to" global leader in ethical access to unlicensed medicines
3. Increase our profile with customers and *opinion leaders*
4. Upgrade technology platform
5. Extend global footprint into remaining key markets

Trusted global leaders in access to medicines

CLINICAL TRIAL SUPPLY

UNLICENSED

PHARMACEUTICAL COMPANIES

19%	26%	14%
Supply and management of quality assured comparator drugs co-therapies and services to all phases of clinical trials as well as Investigator Initiated Trials (IITs).	Market leader in exclusive access to pre-licensed innovative medicines with high unmet medical need through ethical and trusted regulatory compliant solutions for over 100 innovative medicines.	On-demand access of over 1,500 product lines, for hospital pharmacists, where these medicines are unlicensed at the patients 'point of care'.
Other value added services include ancillary supply sourcing, Direct to Site logistics (DS) and Demand Driven and Delivery (DDLD), providing solutions to complex challenges.	Through strategic services, identifies global usage patterns and provides Real World (RW) data to ensure products are ready for commercial launch.	Our local experience and global regulatory expertise enable us to offer a solution to pharmacists and physicians to provide both regularly required and one-off, urgent and often critical unlicensed medicines, through trusted, fully audited, supply routes.

- Innovative new medicines
- Similar distribution and user patterns, IITs and Managed Access programmes
- Utilising relabelling capabilities
- RW data capture opportunities

- Demand for Real World (RW) data and exclusive supply agreements help extend products beyond pre-launch/innovative medicines to 'point of care' access
- GA exclusive supply offers alternative managed access to products commercially launched in restricted markets

UNDERPINNED BY OPERATIONAL SERVICES CUSTOMER SERVICES/QUALITY/REGULATORY

There are only three ways for a patient to ethically access a medicine: through clinical trials, unlicensed or licensed supply.

Our unique business model allows us to manage access to all three routes worldwide. We add insight, expertise and value at every stage of the product life cycle.

LICENSED

HOSPITAL PHARMACISTS AND KEY OPINION LEADERS

Product Life Cycle

Customer Groups

Business Divisions

10%	31%
Share of Gross Profit	
Local point of care and exclusive access to unlicensed, licensed and branded generic medicines in the AAA[1] region.	Acquires global and regional rights and revitalises hospital only and critical care medicines benefiting from the ability to utilise unlicensed supply services enabled by our unique business model.
With over 100 local market licences in the AAA region and branded generic antiretroviral & chronic & acute care products in Southern Africa.	Product revitalisation is driven by comprehensive logistical, regulatory and global market intelligence expertise. A product portfolio of five wholly and owned global licenses has been strengthened by the 100+ locally licensed branded generics from Link Healthcare.

Synergies

- **Unlicensed:** Leverage infrastructure in AAA to strengthen GA unlicensed supply model
- **Licensed:** Internationalise local licensed products
- Utilise infrastructure to control own supply of SP portfolio

1 AAA is the Africa, Australia and Asia region

LOGISTICS/SALES & MARKETING/SYSTEMS/FINANCE

Connecting our markets

The unlicensed market in which the Group operates can be split into three areas, clinical trial supply, Managed Access programmes and global 'point of care' access. We are market leaders in each of the markets we operate with a strategic priority of being recognised as the "go to" global market leader in ethical access to unlicensed medicines.

ACCESS TO MEDICINES

There is a high and ever increasing global unmet need for ethical supply of good quality unlicensed medicines from a trusted source. 80% of the world's population, an estimated 5.5bn people, have low or non-existent access to medicines[1]. Population growth, an increasingly elderly population, growing incidences of chronic diseases, increasing patient knowledge, and concerns around counterfeit medicines are all driving increasing demand for quality medicines which are unlicensed at the 'point of care'.

Clinigen is the only company to provide global access to medicines across all three routes available to a patient, through clinical trials, unlicensed or licensed supply. Each market has unique market drivers and barriers to entry. However a common theme that exists in all the markets in which we operate is the relatively high growth rate and the increasing demand for a global solution.

EMERGING PHARMACEUTICAL MARKETS

As many economies become wealthier, populations increase and awareness of available healthcare improves, there is a significant growth opportunity in emerging markets. By 2010 healthcare spending in emerging markets had overtaken that of the EU5 (Germany, France, Italy, Spain and the UK) with spending expected to amount to 30% of the global pharmaceutical market by the end of 2016 (20% in 2011)[2]. Due to the complexity, particularly regulatory, of the diverse infrastructure, the approach in commercialising such opportunities require a niche and specialist service provider. The acquisition of Link in October 2015 has provided the Group with access to a wider customer base and an increased global reach enabling more efficient distribution to healthcare professionals in the AAA region. We supply a global reach with local expertise and have a track record of excellence through understanding of complex regulatory environments and specialist knowledge.

COUNTERFEIT MEDICINES

Counterfeit or sub-standard medicines are becoming increasing prevalent. In March 2016 Clinigen became a full member of the European Alliance for Access to Safe Medicines (EAASM) and Alliance for Safe Online Pharmacy in the EU (ASOP EU), two key European alliances in the fight to protect patients from the threat of counterfeit drugs. A key focus in tackling the threat is educating patients and healthcare professionals of the dangers of internet pharmacies. Some estimates indicate that the global threat of counterfeit pharmaceutical drugs is up to $75bn, a 90% rise in five years[3]. Often, the pharmacies appear legitimate but are often unethical, selling substandard, falsified or counterfeit medicines and drugs that are untested and unapproved or even banned. Many products don't require a prescription to supply a prescription-only drug and can be dangerous and pose a serious health risk if self-prescribed.

Access to unlicensed medicines, which include drugs that have received regulatory approval but may not be available in a patient's own country, can help to meet this unmet need. Clinigen is dedicated to providing an ethical, compliant route for healthcare professionals to source medicines, meeting this need through its Idis Global Access division. We manage our supply chain closely and guard against the risk of counterfeit products reaching the patient.

80%[1]

WORLD'S POPULATION THAT HAVE LOW OR NON-EXISTENT ACCESS TO MEDICINES

30%[2]

GLOBAL PHARMACEUTICAL MARKET SPEND IN EMERGING PHARMACEUTICAL MARKETS

$75bn[3]

GLOBAL THREAT OF COUNTERFEIT PHARMACEUTICAL DRUGS

REAL WORLD DATA

There is increased demand for data within the pharmaceutical industry about patients' use of medicines in a realistic healthcare setting, otherwise known as Real World (RW) data. The adoption of new medicines is increasingly reliant on evidence based criteria. Traditional randomised clinical trials, which for a long time were seen as the best method of obtaining clinical data, now are considered to have limitations. The capture of RW data is beginning to become significant in the approval and adoption of medicines. Demand for RW data is universal with many countries now realising its importance. The gathering of RW data plays a significant role in ensuring patients have ethical access to innovative medicines, a key strategic priority for Clinigen. As a response to this market trend, the Group has developed the Clinigen Consulting Services offering within its Idis Managed Access division. This offering advises the pharmaceutical industry on policy and is important to future growth.

CLINICAL TRIAL SUPPLY

Managed by our **Clinigen Clinical Trial Services** division.

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

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

MARKET SIZE

$1.5bn–$2.5bn

UNLICENSED

Covers exclusive Managed Access programmes managed by **Idis Managed Access** and the ethical on-demand unlicensed supply managed by **Idis Global Access** and **Link Healthcare**.

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

DIFFERENTIATORS
- Broad and embedded relationships with pharmaceutical companies and pharmacists
- Focus on mature, hospital only products
- Certify product for authenticity
- Deep understanding of complexity of regulatory environment
- Centralised customer services

MARKET SIZE

$5.0bn–$10.0bn

LICENSED

Managed by our **Clinigen Specialty Pharmaceuticals** and **Link Healthcare** divisions.

MARKET DRIVERS
- Mature product divestment by large Pharmaceutical companies
- Clients increasingly requiring a global solution

DIFFERENTIATORS
- Broad and embedded relationships with pharmaceutical companies
- Local market knowledge
- Global supply chain and distribution network
- Not reliant on sales force
- Revitalisation capability

SP PRODUCT PORTFOLIO

5

LOCAL MARKETED LICENSES

>100

1 http://www.talkingdrugs.org/dying-for-relief-access-to-pain-medication-and-suicide-in-russia 24 April 2015
2 http://www.strategyand.pwc.com/media/file/Strategyand_Pharma-Emerging-Markets-2.0.pdf
3 http://safeonlinerx.com/wp-content/uploads/2016/02/Key-Facts-and-Patient-Harms-02-2016.pdf

Integration of acquisitions completes transformation of the Group

PETER ALLEN
Non-Executive Chairman

"The acquisition and integration of Idis and Link Healthcare have transformed the Group over the last 18 months."

1 The adjusted results exclude share based payment costs, amortisation, non-underlying costs and include the 50% share of the unaudited results from the Joint Venture in South Africa
2 Year on year comparisons, referred to as 'pro forma' are calculated from the aggregated unaudited results taken from i) 12 monthly management information for Clinigen and Idis, and ii) for Link Healthcare, the eight months ended 30 June 2016 and for the eight months ended 30 June 2015. The pro forma calculation has also removed the effect of the termination of the Global Access low margin contract in November 2015

THE CLINIGEN FOUNDATIONS

% OF THE WORLD'S POPULATION WHICH HAS LOW OR NON-EXISTENT ACCESS TO MEDICINES[1]

80%

WAYS TO GET A DRUG INTO A HUMAN SUBJECT

3

THOUGHT LEADERSHIP DRIVES OUR BUSINESS

GLOBAL COVERAGE, LOCAL KNOWLEDGE

OUR GUIDING PRINCIPLES

Our mission is to be **the trusted global provider of access to medicines,** delivering the **right medicine,** to the **right patient,** at the **right time.**

1 http://www.talkingdrugs.org/dying-for-relief-access-to-pain-medication-and-suicide-in-russia 24 April 2015

It is four years since our IPO and I am pleased to report on another strong year delivering on our promises for growth, further new products and corporate acquisitions.

Overall the Group has performed very well. Reported revenue increased by 84% and reported gross profit increased by 79%. Pro forma[2] adjusted EBITDA[1] growth, the best measure of organic profit growth, increased by 10%, with Clinical Trial Services and Specialty Pharma the strongest performers. I am particularly pleased that the Group has also achieved an excellent cash flow performance reducing net debt by £8.1m to £68.1m despite spending £28.5m on the initial cash consideration for the Link and product acquisitions during the year.

The Directors have maintained a progressive dividend policy. Subject to approval at the AGM on 11 November 2016, the Board proposes to pay a final dividend of 2.7p. Together with the interim dividend of 1.3p paid in April, this makes a combined dividend of 4.0p, representing an increase of 18% versus last year.

Clinigen has come a long way since its inception six years ago and since joining AIM in September 2012. We have delivered strong shareholder returns with more than a five-fold uplift in market cap over the four years. This year marks the completion of the transformation of the Group as a result of acquisitions and integrations: the integration of Idis, the acquisition of Link, the US strategic alliance with Cumberland Pharmaceuticals, and the additions of the new product Totect and Foscavir bag line extension have all played their part in driving this.

The markets which Clinigen focuses on, clinical trials, unlicensed medicines and niche licensed hospital medicines continue to show strong and positive market dynamics. We are confident that there are new and immature parts of the market that Clinigen is best placed to develop.

One of the reasons Clinigen has grown rapidly since inception is its talented people; their professionalism and expertise has enabled us to become market leaders with an ethical offering focused on global access to medicines. Being global leaders we are able to raise the standards, offering excellent quality control and customer services. We also recognise that adding new talent is an important part of growth particularly when integrating large acquisitions.

We announced on 28 September that Peter George will be retiring as CEO at the AGM on 11 November, but will remain on the Board as a non-executive director. On behalf of the Group, we thank Peter for doing a tremendous job developing and growing Clinigen over the last six years. He built the business from a small private company to its current position as a leading global pharmaceutical products and services business with a market capitalisation of some £750m. He led the listing four years ago, the first in the sector for five years, and the two substantial transformational acquisitions over the last 18 months.

Shaun Chilton, who joined Clinigen in January 2012 and, as part of our succession planning, was promoted to Deputy CEO in July 2015, will take over as CEO. Shaun has been instrumental in the development and success of the Group over the last four years, and alongside Peter, has played a key part in formulating and executing the Group strategy. The business has more opportunities ahead of it now than ever before and I and the Board are confident that Shaun is the right individual to take the Group onto the next stage of its development.

Robin Sibson will also retire as a Non-Executive Director to focus on his charitable interests. Robin joined over 12 years ago as one of the original team in the business which evolved into Clinigen. He has played an important role in the development and success of the Group both in his former capacity as CFO and more recently as a non-executive director. The Board would like to thank him for his services and wishes him well for the future.

During the past 18 months, the wider management team has been strengthened with a new CFO, Medical, Commercial and Operations Officers coming on board. This has enabled the Group to manage the integration of the acquisitions whilst maintaining a focus on organic growth. These changes are intended to prepare the Group for the next stage in its development.

We recognise that Clinigen is one of the largest companies on AIM and we are committed therefore, as far as is reasonably practicable, to ensure the Group is managed in accordance with the principles set out in the UK Corporate Governance Code. The Board believes that effective corporate governance will assist in the delivery of our corporate strategy, the generation of shareholder value and the safeguarding of shareholders' long-term interests.

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

PETER ALLEN
Non-Executive Chairman
27 September 2016

CLINIGEN'S DEVELOPMENT

2010-2016

2010
- Clinigen Group formed by Peter George
- Acquires its first product, Foscavir

2011
- Recognised as the fastest-growing private company in the UK by the Sunday Times Virgin Fast Track 100

2012
- Lists on the AIM of the London Stock Exchange – the first UK healthcare company to list in London in five years

2013
- Wins Best Newcomer at the London Stock Exchange AIM Awards
- Acquires its second product, Cardioxane

2014
- Extends headquarters in Burton-on-Trent, UK
- Acquires its third product, Savene and fourth product, Ethyol

2015
- Acquires Idis in April 2015 to become the global leader in providing ethical compliant access to unlicensed medicines
- Acquires Link Healthcare in October 2015 to expand its ability to provide access to medicines for patients in the Africa, Australia and Asia region

2016
- Acquires it fifth product, Totect, and Foscavir bag line extension

Building the platform for future growth

PETER GEORGE
Chief Executive Officer

"The integration of Idis and Link Healthcare has transformed the Group, achieving our ambition of becoming the global market leader in the management and supply of both unlicensed and clinical trial medicines."

A transformed Group - a description we are making a lot in this report, however, I believe it is well founded. The acquisitions in the past 18 months have more than doubled the revenue and profit of the business and expanded the business from 120 people based in Burton and Philadelphia to over 500 staff based in 11 strategically important locations around the world.

The purpose of this rapid expansion has been to achieve our strategic objectives of being the global leader in clinical trial and unlicensed medicines access, and to develop a global footprint that enabled and supported these positions, as well as the distribution of our own revitalised medicines portfolio. I am pleased with the progress we have made, and in particular, in how well the Idis and Link Healthcare businesses have fitted into the Clinigen Group.

The business started with the aim of improving medicines access to the estimated 5.5 billion people worldwide who have limited or no access to the best medicines they need to treat their disease at the 'point of care'. There was a gap in the market, an unmet clinical and patient need, so we started delivering the right medicine to the right patient at the right time. With only three ways to get a medicine into a human subject: in a clinical trial, as a licensed product, or if it is not licensed at the 'point of care', as an unlicensed medicine, we structured our business model to support these three ways.

Just over six years later, these founding principles remain the same and so does our focus. When we look at the growth of the business since it was founded, it is clear this strategy is working and what is more exciting, is that the opportunity to further develop these markets continues to be strong.

2016 OVERVIEW OF RESULTS

Alongside the significant strategic progress in the year and the integration of the acquisitions, Clinigen has delivered a strong financial performance.

Reported gross profit increased 79%, indicating the step change in scale following the acquisitions of Idis in April 2015 and Link Healthcare ('Link') in

October 2015. Adjusted gross profit[1] on a pro forma basis[2], viewed as the best indicator of organic growth, was up 7%.

Key highlights include another outstanding year for Clinical Trial Services (CTS), increasing gross profits by 21% on a pro forma basis, and excellent growth by the newer Specialty Pharmaceutical (SP) products (Ethyol, Cardioxane and Savene), which collectively increased their gross profits by 31%.

Adjusted EBITDA increased by 73% to £56.0m, and on a pro forma basis, adjusted EBITDA increased by 10% representing good organic growth against the backdrop of the acquisition and integration activity.

The combination of organic growth and the acquisitions has led to a 25% increase in EPS to 35.0p (2015: 28.0p). Reported EPS increased by 83% to 11.9p (2015: 6.5p).

ACQUISITIONS AND INTEGRATION

The two acquisitions of Idis and Link and the introduction of new service offerings has enabled the Group to extract cross-selling opportunities and synergies across all of the divisions. There is now a full flow through the business and a clear link from CTS right through to SP, with each division tying into the next and offering growth potential.

IITs, Direct to Site (DS) logistics and Demand Driven Labelling and Delivery, are all new service offerings within CTS which start demonstrating these synergies, bringing a closer relationship with Managed Access programmes (MAPs). Fundamentally, IITs and MAPs are very similar, both targeting innovative new medicines, with similar distribution and user patterns, as well as both utilising repacking and relabelling capabilities already available within MAPs.

One of our strategic goals discussed in last year's Annual Report was to grow these additional new services of IITs and DS supply. These services now account for 6% of CTS gross profit in FY16. We also discussed developing an improved supply of ancillary products which are a key component of Clinical Trials. In FY16 Clinigen CTS signed an exclusive contract with Baxter for the supply of all its ancillary products into Clinical Trials.

Further synergies are being found through the exclusive supply agreements developing in Global Access (GA). These are for markets where a medicine will not be licensed and extends the managed access model beyond the pre-launch and 'innovative new drug' phase into the 'point of care' access. GA has already signed five such agreements and expects to close more in FY17. These exclusive supply agreements are an important initiative to drive brand recognition and encourage more hospital pharmacists to use GA.

The acquisition of Link, and to a lesser extent our strategic partnership with Cumberland Pharmaceuticals, has enabled us to take control of our own licensed products in more markets, resulting in the cancellation of other distribution agreements in US, Japan, Australia, New Zealand, Southern Africa and Singapore.

In addition, Link brings more than 100 actively marketed licensed products to the Group. When an unlicensed medicine in the Africa, Australia and Asia region shows high usage or an imported medicine is repeatedly in short supply, then taking it through to license or manufacturing a generic may be the best solution. Most are single market licenses and some are either multiple market products or have the potential to be. Link supplies either branded or generic products depending on the maturity and value of the market. This is an example of where synergies exist between GA, Link and SP, and during calendar year 2016, through Link, the Group has licensed or made application to license 10 of these types of medicines in six markets.

The Group's new ability to offer this commercial solution across its footprint of North America, EMEA, Asia and Australasia has made it an attractive solution to many of our customers. We expect to see continued growth in these types of exclusive or local license supply agreements.

The synergies highlighted above illustrate that the post-acquisition integration is substantially complete. Whilst the above are just some examples, it shows strong cross-divisional synergies are being achieved and there are more in development. In addition, the Group is at advanced stages of centralising HR, finance, logistics, quality, regulatory and medical support functions. The centralisation of customer services across the divisions has already been completed.

TECHNOLOGY

The remaining integration projects are IT and e-commerce related. The introduction of Oracle based Enterprise Resource Planning ('ERP') software is expected to substantially complete in calendar year 2017. This will make the business more efficient and scalable, standardising many processes across the Group, and support e-commerce solutions.

PRODUCTS

During FY16, the Group added to its Specialty Pharmaceutical portfolio. The Totect acquisition completed the Group's global Dexrazoxane offering which together with work being undertaken to resolve Article 31 is important in the revitalisation of this portfolio. The strategic alliance with Cumberland Pharmaceuticals will gather pace in FY17 with Ethyol transferred to them in May 2016.

In addition we announced the extension to the Foscavir brand, with the development of the Foscavir bag line extension. It is our belief that this will extend the life cycle of the product and is a further hurdle to competitor activity. Product line extension was one of the areas of product revitalisation that Clinigen had not previously demonstrated.

The Group continues to identify and bid for further global assets. The Link business is also developing a number of our own branded generic products to be launched in local markets where shortage of supply or unmet demand warrants.

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2 Year on year comparisons, referred to as 'pro forma' are calculated from the aggregated unaudited results taken from i) 12 monthly management information for Clinigen and Idis, and ii) for Link Healthcare, the eight months ended 30 June 2016 and for the eight months ended 30 June 2015. The pro forma calculation has also removed the effect of the termination of the Global Access low margin contract in November 2015

KEY PERFORMANCE INDICATORS

The Group has maintained constant growth through the development of strong business plans and very clear, achievable and measured objectives; Key Performance Indicators ('KPIs'). This principle is also being implanted into the Idis and Link business cultures and for them, as historically for Clinigen, KPIs will be monitored monthly right through to their completion, underpinning a 'can do' culture and driving strong future growth.

Whilst the Group has a strong relationship with its customers and key opinion leaders, we believe this profile can be increased further. Becoming the global 'go to' brand for hospital pharmacists is a target, but we can broaden and deepen our relationships with pharmaceutical customers too. This will happen in FY17 with a joined up Group business development process, ensuring both key accounts and key target customers are managed globally across all divisions. This central resource will also look to extend our global footprint into remaining key markets where a direct Clinigen presence may benefit the business.

Strategically the Group sees technology as an enabler for the business and two initiatives are under way. The implementation of ClinigenOne, the Group's Oracle based ERP system is business critical and as such is being done in conjunction with Oracle Consulting Services; this is expected to be substantially complete during calendar year 2017. In addition the Group is developing the Clinigen Intelligence Database ('CID'), which is essentially Clinigen's intellectual property of country by country, medicine by medicine, import, shipping and customs requirements; this is also a key enabler in providing world-class customer services.

What measures do we use to ensure we have achieved or are on our way to achieving our KPIs? The obvious key metrics are financial and these essentially remain the same as last year. As we have stated previously, revenue is not a good measure, as two of the largest divisions CTS and MA have revenue lines that are not reflective of performance. Adjusted gross profit and adjusted EBITDA are viewed as the best measures of financial performance, together providing the best insight into top line and profit growth. In addition working capital as a percentage of revenue is used to measure the efficient use of cash.

Non-financial KPIs are often harder to measure. However our first one is simple and hasn't changed since IPO: the acquisition and revitalisation of new products. What has changed since that time is that the process can not only be through the acquisition of global or regional rights, as has always been the case with Clinigen, but now it can be through the development of local products and licenses as with Link, and both methods will be targets for FY17.

Becoming the global "go to" provider of unlicensed medicines and building scale in unlicensed supply is harder to demonstrate and measure, but we feel there are a number of meaningful metrics that will demonstrate progress: (i) the number of exclusive supply agreements in GA (ii) the development of the IT/digital platform particularly the e-commerce solution, and (iii) evidence of promotional and educational meetings and material targeting hospital pharmacists such as a 'point of care' journal.

The final KPI relates to gaining market share through the expansion of Clinigen's customer base, particularly the number of active hospital pharmacists.

After continuing to hit strategic goals and delivering strong growth year on year for the four years since our IPO, we have demonstrated that we keep our promises. We work hard as a management team to stay focused on delivering great shareholder returns and value for all of our stakeholders.

CHANGE IN CEO

I will be retiring as CEO at the AGM on 11 November, but will remain on the Board as a non-executive director. It has been a pleasure and privilege to create and lead Clinigen over the last six years with the IPO, strong organic growth and the two recent transformational acquisitions being the highlights. I would like to thank all of the Group's employees around the world - we have been only able to create this substantial business thanks to their hard work and commitment. I would also like to thank Shaun for his invaluable input and I look forward to supporting him as he takes the business to the next stage in its development.

PETER GEORGE
Chief Executive Officer
27 September 2016

Key performance indicators

The Board utilises a number of KPIs 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 KPIs utilised by the Board can be split into both key financial performance and non-financial performance indicators.

FINANCIAL

Measures the profit achieved on sales after taking account of cost of goods, selling and distribution costs. This is viewed as the main measure of top line growth.

Adjusted gross profit[1] increased 90%, and on a pro forma basis[2], viewed as the best indicator of organic growth, was up 7%in the year.

Measures the profit achieved on sales after taking account of the direct costs and overheads but before interest, depreciation, amortisation and non-underlying costs as defined in note 6, see page 61.

The Group achieved an underlying EBITDA for the year of £56.0m representing a 73% increase on the prior year. On a pro forma basis[2], viewed as the best indicator of organic growth, EBITDA increased by 10%.

Effective working capital management is a key focus for the Group. This includes managing stock levels, debtor days and creditor payment terms. In the last two years the Group has had a negative net working capital position as at 30 June, indicating efficient use of cash.

NON-FINANCIAL

ACQUISITION AND REVITALISATION OF NEW PRODUCTS

Acquiring new products and revitalising them is a core part of the Group's strategy. This year the Group's first product, Foscavir, achieved 5% growth in in-market sales. The newer products, Ethyol, Cardioxane and Savene collectively increased gross profit by more than 30%. During the year, the Group acquired a new product, Totect, and developed the Foscavir bag line extension.

5 PRODUCTS

TO BECOME THE GLOBAL "GO TO" PROVIDER OF UNLICENSED AND SHORT SUPPLY MEDICINES

Building scale in the unlicensed market, demonstrated by:

i) number of exclusive supply agreements in GA
ii) development of the IT/digital platform particularly the e-commerce solution
iii) evidence of promotional and educational meetings and material targeting hospital pharmacists such as a 'point of care' journal/ partnerships with EAASM and ASOP

5 EXCLUSIVE GLOBAL ACCESS SUPPLY AGREEMENTS

EXPANSION OF CUSTOMER BASE

As referred to in the Operational Review, Clinigen CTS and Idis MA have expanded their customer base during the year. In addition, Idis GA introduces new customers to the Group. Opportunities of utilising the expanded customer base across the five operating businesses will be reviewed in FY17.

>6,000 CUSTOMERS

1 The adjusted results exclude share-based payment costs, amortisation, non-underlying costs and include the 50% share of the unaudited results from the Joint Venture in South Africa
2 Year on year comparisons, referred to as 'pro forma' are calculated from the aggregated unaudited results taken from i) 12 monthly management information for Clinigen and Idis, and ii) for Link Healthcare, the eight months ended 30 June 2016 and for the eight months ended 30 June 2015. The pro forma calculation has also removed the effect of the termination of the Global Access low margin contract in November 2015

STRATEGY IN ACTION

Product revitalisation

Product revitalisation is a key factor in driving growth in the Specialty Pharmaceutical division and has been, since Clinigen was formed in 2010, contributing significantly to the success of the Group.

WHAT IS REVITALISATION?

The pharmaceutical industry has evolved over the last few decades from one dominated by blockbuster products to one that has seen the rise of Biologics and personalised medicine. This has resulted in many drugs falling out of favour with both medical practitioners and manufacturers who do not see a long term benefit in maintaining an older product in multiple markets that has increasing regulatory costs, often with declining sales.

This has led to some diseases, orphan indications and niche therapeutic areas, being deprived of medications that still have a medical benefit, creating an 'unmet need'. This gap has often been unintentionally created by the industry itself and creates the revitalisation opportunity. Clinigen has always focused on fulfilling this unmet need through acquiring and revitalising niche hospital-only medicines.

It is our mission to identify and acquire specialist, niche medicines that do not fit the standard portfolios of larger pharmaceutical manufacturers. These products may have been neglected in the markets in which they are licensed or received a lack of medical or marketing support in either existing or new locations. Frequently they have gone into shortage of supply and are no longer easily available. Importantly, with our expertise and global capabilities we ensure that patients not currently benefiting from these medicines can do so in the future by ensuring they stay on the market.

All potential products are assessed in terms of an eight step 'Value Chain Pathway' illustrated below with different products leveraging all or some of the levers of revitalisation.

VALUE CHAIN PATHWAY

IDENTIFICATION | REGULATORY | GEOGRAPHICAL COVERAGE | SALES & PROMOTION | MARKETING | PRICING | SUPPLY CHAIN MANAGEMENT | DISTRIBUTION

CASE STUDY

Foscavir

Foscavir was acquired in 2010 from AstraZeneca at a time when it was a declining product with little added value in the AstraZeneca portfolio. At the time of the purchase, it was commercialised as a product for use in the treatment of Cytomegalovirus ('CMV') retinitis in an HIV/AIDS setting.

Our analysis allowed us to see the potential for the treatment of CMV in other immune-suppressed diseases such as bone marrow or solid organ transplants. The product was being used in these therapies in many geographies 'off-label', but in other territories it kept going into shortage of supply. Therefore, to leverage the full potential of the product, we had to support the Key Opinion Leader ('KOL') community who saw its value in these new disease areas. We added bone marrow transplant to the license label in numerous markets and we promised KOLs that we would not allow it to go into shortage of supply. As a result, it is now included in treatment protocols for viral infections in transplantation.

Furthermore, as bone marrow transplants became more prevalent, the product was required in a lot of territories where it was not previously commercially available. Clinigen was able to facilitate its supply through either licensing it in new territories, such as the US, or through our expertise in unlicensed supply. In five years Clinigen has been able to turn Foscavir from a £5m revenue declining asset, into a product that now generates over £20m per annum.

The story does not end there, as revitalisation is an ongoing process and we are currently working with partners on several clinical studies including a human herpesvirus 6 ('HHV6') study in Japan and have also acquired a new delivery system for Foscavir in bags as opposed to bottles giving many advantages to the end user. These new developments, alongside the continued growth in the bone marrow and solid organ transplant markets, is expected to continue to drive demand for Foscavir.

Foscavir revitalisation has given us the skill set to successfully identify and revitalise our other assets and we are already seeing good results from our work with Ethyol, Savene and Cardioxane. In addition, with our acquisition of Link and strategic partnership with Cumberland Pharmaceuticals in the US, we now have the ability to control more of the value chain. In Japan, we have just established our own licensed affiliate and will be transferring our assets into our name in what is the world's second largest market. In the US, we have entered a commercialisation agreement for Ethyol, the first product Clinigen has licensed to Cumberland Pharmaceuticals under the strategic alliance entered into late last year. We are confident that, along with our revitalisation strategy and extended global footprint, we can achieve good growth within the Specialty Pharmaceutical division.

We are proud of our proven track record of growing the use of our medicines through improved access and awareness worldwide and the Specialty Pharmaceutical division will continue to be a core contributor to the overall success of Clinigen.

SPECIALTY PHARMACEUTICAL PORTFOLIO:

1. FOSCAVIR
2. CARDIOXANE
3. SAVENE
4. ETHYOL
5. TOTECT

ACQUIRED

2010

SALES INCREASE IN SEVEN YEARS[1]

5X

LICENSED MARKETS

17

UNLICENSED MARKETS

25

Beam me up Scotty. by Klari Reis

1 Covers the period from 2009 to 2016

Operational Review

SHAUN CHILTON
Chief Executive Officer-designate

The successful integration of the Idis and Link acquisitions completed a transformational year for the Group. The Group is now the global market leader in the management and supply of unlicensed and clinical trial medicines and has the operational infrastructure to drive sustained organic growth in these important, developing markets. An important expansion into the Africa, Australia and Asia region in particular has opened up a new level of opportunity at a time when many pharmaceutical and biotechnology companies are looking for a specialist partner to work with them across these territories.

In addition, by striking a strategic alliance with Cumberland Pharmaceuticals in the US, we achieved another important step in building out our global footprint, establishing a presence in a key market for maximising the commercial potential of our own products. In keeping with our mission of 'right medicine, right patient, right time', we are now able to offer a solution at each key stage of a pharmaceutical product life cycle and, critically important for the future, we have the ability to harness global expertise with local knowledge through the Idis and Link additions.

SHAUN CHILTON
Chief Executive Officer-designate
27 September 2016

Strategic priorities

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

The Groups strategic priorities for FY17 remain rooted in its founding principle of delivering the **right medicine**, to the **right patient**, at the **right time**. Now with our global footprint the Group is even more capable of doing this.

We have set a goal to become the global leader in ethical access to unlicensed medicines. We set this goal last year, and in reality we have probably achieved it already, as we undoubtedly have the largest sales in unlicensed medicines. However, we are only scratching the surface of this, as yet.

untapped global market. Our target going forward therefore is to take this goal to the next level and be the recognised and trusted "go to" solution for hospital pharmacists and healthcare professionals for the supply of medicines not available at the patient's 'point of care'.

To maintain a market leading position we need a world class customer service, every time. Therefore we try to instil in our people an understanding that the patient, who is the beneficiary of all of our products or services,

should be thought of as a friend or a family member. If we do this we are motivated to care more, if we care more we are all motivated to provide outstanding customer service and the patient and healthcare professional receives a world-leading customer experience. We are working hard on bringing the Idis and Link brands to the same levels of quality and customer care already expected from and delivered by the Clinigen brand, and then keeping them there.

WORLD-CLASS CUSTOMER SERVICE EVERY TIME

PROGRESS
- Implementation of a 24/7 call centre
- Consistent customer service feedback developed
- Achieved ServiceMark accreditation for world class customer service

2017 OBJECTIVES
- Build a Clinigen culture based on continuous improvement
- Process alignment in operational centres
- Develop 48 hour customer response times for all new enquiries

BECOME THE "GO TO" GLOBAL LEADER IN ETHICAL ACCESS TO UNLICENSED MEDICINES

PROGRESS
- Integration of Idis substantially complete
- Market leader in Managed Access
- Market leader in on-demand 'point of care' unlicensed access

2017 OBJECTIVES
- Introduce quality seal to raise standards
- Introduce e-commerce platform for unlicensed supply
- Build the brand amongst hospital pharmacists

INCREASE OUR PROFILE WITH CUSTOMERS AND OPINION LEADERS

PROGRESS
- Work with 20/25 'Big Pharma' companies
- Supplied to over 6,000 customers
- Work with Key Opinion Leaders (KOL) in select areas

2017 OBJECTIVES
- Broaden and deepen our relationships with pharmaceutical customers
- Drive KOL engagement across markets
- Expand engagement with hospital pharmacists and pharmacy groups

UPGRADE TECHNOLOGY PLATFORM

PROGRESS
- Cliniport managing MA programmes
- Implementation of new ClinigenOne ERP system started
- Development of e-commerce system started

2017 OBJECTIVES
- Continue implementation of ClinigenOne ERP
- Continue development of e-commerce system
- Develop Clinigen Intelligence Database (CID)

EXTEND GLOBAL FOOTPRINT INTO REMAINING KEY MARKETS

PROGRESS
- US strategic alliance with Cumberland Pharmaceuticals in September 2015
- Acquisition of Link in October 2015 providing coverage in the Africa, Australia and Asia region
- Started transfer of Foscavir registration to our own business in Japan

2017 OBJECTIVES
- Complete transfer of Foscavir to our own business in Japan
- Expand African footprint
- Drive growth through Asia from Singapore hub
- Review options to upscale capability in LATAM

Clinigen Clinical Trial Services

'Clinigen CTS' is the global market leader in the supply and management of quality assured comparator medicines and services to clinical trials. It has been another very positive year in the growth story of the CTS business and there are some compelling reasons the Group expects the growth to continue.

There are some strong market dynamics in the sector within which the Clinigen CTS business operates: increasing demand from regulatory and reimbursement bodies for pharmaceutical and biotech companies to produce new medicines that are superior than the current standard of care; an increase in the number of clinical trials that require a comparator medicine to around 60% of all phase III and 30% of phase IV clinical trials; an increase in the outsourcing of this activity by pharmaceutical and biotech companies who value the expertise, cost-effectiveness and anonymity a specialist 3rd party partner provides; the rise in development of biologics and biosimilars along with an increase in the number of trials run in the 'pharmerging' markets.

As the clinical trial process becomes ever more complex and expensive to manage, the regulatory requirements continue to tighten and the use of more specialised medicines as comparators grows, a market estimated to be around $1.5bn, should continue to grow at a good pace.

1 The adjusted results exclude share based payment costs, amortisation and non-underlying costs
2 Year on year comparisons, referred to as 'pro forma' are calculated from the aggregated unaudited results taken from i) 12 monthly management information for Clinigen and Idis, and ii) for Link Healthcare, the eight months ended 30 June 2016 and for the eight months ended 30 June 2015

RESULTS FOR YEAR ENDED 30 JUN 2016[1,2]

£137.9m

REVENUE

£19.7m

GROSS PROFIT +21%

PROFILE

SUPPLY AND MANAGEMENT OF QUALITY ASSURED COMPARATOR DRUGS AND SERVICES TO CLINICAL TRIALS

While the core business of Clinigen CTS has traditionally been the global sourcing and supply of comparator medicines, in FY16 the Group continued to transition the business from a 'pure play' supplies business to a more specialist management partner through the successful launch of some complementary, value-added services.

The development and launch of these specialist services has been driven by the evolution of the clinical trial environment whereby data is not just gathered from large, randomised clinical trials but also increasingly through smaller Investigator Initiated Trials (IITs). It is estimated that around 80% of the top 25 pharmaceutical companies have a dedicated IIT management team as companies are realising the importance of this activity to further understanding of their products and the disease areas they are focused upon.

These developments in the market, along with the increasing demands from clients for a broader solution, have highlighted some unmet and underserved needs that we are now able to meet through more specialised offerings. For example, in addition to comparator medicines, we also now supply ancillary products and equipment, and local language labelling and information to meet the local/regional patient management requirements. In addition we are developing a dedicated IIT offering. In extending the service offerings of CTS, we have opened up the opportunity in this discrete market sector which is estimated to be around $1bn in size.

The clinical trial services market place is dynamic and competitive but as the global market leader, Clinigen CTS will continue to grow through exploiting its competitive advantages: extensive understanding of the complex regulatory environment, a trusted partner with a reputation for high quality service and the global scale of its offerings. During FY16, the Group took steps to increase our penetration of key, cornerstone clients, resulting in a 20% increase in revenue from those clients who spent more than £5m. We have also taken a more strategic approach to acquiring new clients by harnessing the combined business development capabilities across the Group, in particular with the Managed Access division where there is natural overlap in company targets.

The division, representing 19% of Group gross profits, achieved another excellent year of growth increasing gross profits by 21% on a pro forma basis[2]. This performance reflects increased penetration into key cornerstone clients, the winning of new clients among the world's largest 25 pharmaceutical companies and the roll out of added value services to compliment CTS' core offering.

CUSTOMER SPEND STRATIFICATION

< £100k	50 clients
£100k – £1m	15 clients
£1m – £5m	9 clients
> £5m	9 clients

GROSS PROFIT FROM EXPANDED SERVICES

£1.3m

UNITS SHIPPED IN FY16

715,000

CHARACTERISTICS

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

MARKET DRIVERS

- Trend towards outsourcing clinical trials
- Clients requiring a global solution
- Comparator drugs increasingly used over placebos
- Growth in IITs

PRIORITIES

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

Idis Managed Access

Idis Managed Access ('Idis MA') is the global market leader in providing exclusive access to early phase, innovative medicines in those disease areas where there is high unmet medical need. While this is a relatively new market segment, there are a number of reasons why this is a very exciting area with compelling growth drivers. Idis MA ran programmes for 19 of the top 25 pharmaceutical and biotech companies in the world, shipping 268,000 units of drugs across 107 countries. At the year end, there were 108 programmes under management and 85% of products shipped on behalf of Idis MA's clients were provided free of charge to patients.

Pharmaceutical companies feel that ethically they should provide access to potentially life-saving medicines still in clinical trial for those patients with potentially life-threatening diseases. Diseases such as oncology, haematology, CNS, infectious disease, immunology and orphan disease all have the highest level of unmet medical need and these diseases account for the vast majority of the pharmaceutical and biotech R&D pipeline.

Managed Access programmes provide important information at the pre-launch phase for companies and are a great opportunity to engage with and educate key opinion leaders and key treatment centres while products are still in clinical trials in order to potentially accelerate uptake of the product post-launch.

There is an increasing focus from the industry and regulators on the generation of Real World (RW) data to establish the long-term safety profile of a medicine and this is the type of data that can be captured through an MA programme. An MA programme also can help better profile which patients will benefit from the products and

1 The adjusted results exclude share based payment costs, amortisation and non-underlying costs
2 Year on year comparisons, referred to as 'pro forma' are calculated from the aggregated unaudited results taken from i) 12 monthly management information for Clinigen and Idis, and ii) for Link Healthcare, the eight months ended 30 June 2016 and for the eight months ended 30 June 2015

RESULTS FOR YEAR ENDED 30 JUNE 2016[1,2]

£100.8m

REVENUE

£26.5m

GROSS PROFIT +5%

PROFILE

PROVIDES EXCLUSIVE ACCESS TO PRE-LICENSED INNOVATIVE MEDICINES WITH HIGH UNMET MEDICAL NEED

strengthen the pricing and reimbursement dossiers for the company. Outsourcing the activities involved in setting up and managing an access programme is an increasingly attractive option for pharmaceutical companies with the complexity of the unlicensed regulatory environment and the specialist knowledge and expertise required in managing the distribution of medicines to over a 100 different countries.

As the market leader with around 30% of the addressable market, Idis MA differentiates itself from the competition in a number of ways – knowledge of the global regulatory landscape; strength of relationships within the industry (Idis MA works with 19 out of the top 25 pharmaceutical companies) and the specialist resources and capabilities built up over a ten year period. These are high barriers to entry to current and potential competitors and in FY16 we are consolidating our market leader position with the launch of complementary strategic services.

These new services are an important step in extending our relationships with key clients and include unlicensed medicine policy development, forecasting and programme modelling tools, and capturing and managing RW data.

The division, representing 26% of Group gross profits, had a good year after taking account of a complex integration following the Idis acquisition. Overall gross profit increased 5% on a pro forma basis with improving performance through the year.

The business enters the new financial year with good momentum following a number of programmes starting in the second half of the last financial year. The priorities this year are to expand value added services, including the development of our strategic services, further strengthen customer services and achieve better penetration of new and existing clients.

% OF GROSS PROFIT FROM PROGRAMMES WHICH STARTED IN FY16

26%

NUMBER OF TOP 25 PHARMACEUTICAL AND BIOTECH COMPANIES AS CUSTOMERS

19

UNITS SHIPPED IN FY16

268,000

CHARACTERISTICS

- Global market leader
- International service and distribution network
- Exclusive programmes with 19/25 world's biggest pharmaceutical companies
- High barriers to entry
- Defensive pricing structure

MARKET DRIVERS

- Trend towards outsourcing early access programmes
- Increase in patient advocacy forums driving early demand for new drugs
- Structural regulatory changes (i.e. 'Right to Try')
- Demand for RW data

PRIORITIES

- Expand value added services
- Further strengthen customer services
- Increase number of clients

Idis Global Access

Idis Global Access ('Idis GA') is the global market leader in the ethical supply of 'on demand' unlicensed or short supply medicines to patients, at their 'point of care', via their physicians. The sourcing and supply of medicines which are unlicensed or in short supply is difficult and highly complex and as a result there is a high unmet clinical and patient need.

GA is at the early stages of capitalising on the significant international opportunity. Even in Europe, the average time between the date of EU market authorisation and the drug being available varies between four months to 18 months[3]. It is the Group's belief that a trusted source of high quality medicines, legally shipped in a timely manner to healthcare professionals worldwide is a market necessity.

Patient awareness and knowledge of available treatments has been heightened by the internet and global patient forums. The patient knows what they want and the medicine not being available at their 'point of care' is not a barrier to them. Internet pharmacies are meeting some of this unmet demand, but with low quality, counterfeit and often dangerous products. Healthcare professionals regularly have to source product through untried and untrusted routes. Clinigen has gathered immense sourcing expertise and local knowledge of regulatory frameworks. We ensure products are from trusted sources and we only supply through the hospital pharmacy to the prescribing physician.

1 The adjusted results exclude share based payment costs, amortisation and non-underlying costs
2 Year on year comparisons, referred to as 'pro forma' are calculated from the aggregated unaudited results taken from i) 12 monthly management information for Clinigen and Idis, and ii) for Link Healthcare, the eight months ended 30 June 2016 and for the eight months ended 30 June 2015. The pro forma calculation has also removed the effect of the termination of the Global Access low margin contract in November 2015
3 EFPIA: Patients W.A.I.T Indicator; 2011 Report – based on EFPIA's database (first EU marketing authorisation in the period 2008-2010)

RESULTS FOR YEAR ENDED 30 JUNE 2016[1,2]

£39.6m

REVENUE -12%

£13.8m

GROSS PROFIT +1%

34.9%

GROSS PROFIT % +4.4%

PROFILE

ON-DEMAND ACCESS, FOR HOSPITAL PHARMACISTS, TO MEDICINES WHICH ARE UNLICENSED AT THEIR 'POINT OF CARE'

Clinigen is the global market leader in providing access to unlicensed medicines. However, we are not even scratching the surface of this high demand sector. It is our belief that a trusted source of high quality medicines, legally shipped in a timely manner to healthcare professionals world-wide is a market necessity and through Idis Global Access the Group intends to become the global "go to" solution for pharmacists and physicians.

Idis is the market leader and "go to" solution in the UK, where 72% of the gross profit is derived and one in three imported unlicensed medicines comes through Idis GA. Link is strong in the supply of unlicensed medicines in the Africa, Australia and Asia (AAA) region and the emerging markets certainly offer significant growth potential. Combining this capability, adding service levels and quality standards offered nowhere else, the Group plans to build market share over the next two to three years.

Through an e-commerce platform specifically aimed at improving access to medicines, Idis GA is planning educational and information programs aimed at the global hospital pharmacy community. In addition, Idis GA will provide unprecedented guarantees and checks on the authenticity of the products supplied.

ClinigenOne, the Groups ERP solution, when implemented, will enable standardised global service levels through a centralised customer services solution. The e-commerce platform will be able to leverage the Group's sourcing and procurement capability. This together with the marketing campaign aimed at the pharmacy community will drive international expansion and growth.

Idis GA is targeting exclusive supply arrangements for certain high demand or niche medicines, which will ensure more pharmacists come into contact with our service offering. These exclusive supply arrangements together with the equally exclusive Managed Access programmes, differentiate Idis as a specialist in the unlicensed supply arena. To date Idis GA has signed five such agreements on a multi-country basis and has a number of other local agreements through Link in the AAA region.

This division, representing 14% of Group gross profits, recorded gross profit slightly ahead of last year on a pro forma basis[2].

Excluding the terminated low margin commercial contract, the gross margin increased from 41% last year to 45% on a pro forma basis due to a change in product mix and initiatives taken to strengthen the commercial model and reduce costs.

NUMBER OF EXCLUSIVE SUPPLY AGREEMENTS

5

NUMBER OF PRODUCT LINES

1,570

UNITS SHIPPED IN FY16

437,000

CHARACTERISTICS

- Global market leader
- Expertise and local knowledge of regulatory frameworks
- "Go to" solution for pharmacists and physicians in the UK
- Trusted provider

MARKET DRIVERS

- High unmet need
- Growth in emerging pharmaceutical markets
- Increased threat from counterfeit products
- Clients requiring a global solution

PRIORITIES

- Drive international expansion
- Build relationships and profile with pharmacists in key markets
- Centralise customer services
- Leverage group sourcing and procurement capability
- Strengthen pipeline of new products
- Develop e-commerce platform

Link Healthcare

Link Healthcare ('Link') provides local and regional commercial access to licensed and unlicensed products, and specialist pharmaceutical and medical technology products in the regions of Africa, Australia and Asia ('AAA').

Link, representing 10% of the Group's gross profit, is the market leader in Australia, New Zealand and South Africa for the provision of unlicensed medicine and offers a range of licensed products including specialty and generic medicines. Link is also developing services across Southern and Central Africa, in Hong Kong, Singapore, Malaysia and Japan.

Link has more than 100 actively marketed licensed products. Most are single market licences, and some are either multiple market products or have the potential to be. Link supplies either branded or generic products depending on the maturity and value of the market.

Using a strong in-house regulatory team with detailed knowledge of local markets and in collaboration with partners, the business develops a number of its own branded generic products for launch in local markets where shortage of supply or unmet demand warrants.

These actively marketed medicines account for 46% of Link's gross profit. These include a full range of antiretroviral ('ARV') drugs for management of HIV in Southern Africa, as well as a wide selection of chronic and

1 The adjusted results exclude share-based payment costs, amortisation, non-underlying costs and include the 50% share of the unaudited results from the joint venture in South Africa
2 Year on year comparisons, referred to as 'pro forma' are calculated from the aggregated unaudited results taken from i) 12 monthly management information for Clinigen and Idis, and ii) for Link Healthcare, the eight months ended 30 June 2016 and for the eight months ended 30 June 2015

RESULTS FOR YEAR ENDED 30 JUNE 2016[1,2]

£28.7m

REVENUE +3%

£10.2m

GROSS PROFIT -11%

35.8%

GROSS PROFIT % -6.1%

PROFILE

LOCAL EXCLUSIVE ACCESS TO UNLICENSED, LICENSED OR GENERIC MEDICINES IN THE AAA REGION

acute care medicines. These include those covering antibiotics, diabetes care, pain management, addiction management, anti-hypertensives, anti-epileptics, acute porphyria, cancer care, gastrointestinal, dermatology and treatments for central nervous system indications. Currently there are over 40 further products in development for launch in future years.

An example of the product registrations planned for 2017 include, Trasylol, used to reduce bleeding during complex surgery, such as heart and liver surgery. Product registration is under way in Australia, New Zealand, Singapore and Malaysia. Also in 2017 a product already licensed by us in Singapore, Penthrox (Methoxyflurane), which is used in an emergency situation such as by ambulance staff, to reduce pain, is being registered in Hong Kong.

Unlicensed medicine access is the second largest part of the Link business accounting for 36% of gross profit. This business, entirely focused on the AAA region is the same as Clinigen's GA division, with strong relationships with local hospital pharmacists in these regions.

By utilising local knowledge and relationships and applying the same standards, procurement processes and guarantees of authenticity for the products supplied, this part of the Link business can extend the global reach of, and be rolled into, the Clinigen GA business under the Idis brand once the earn out period completes in FY17.

The remaining 18% of Link's gross profit is from the supply of diagnostic kits, diabetes management and wound care products, sharing the same customer base as the other two parts of the business. The non-core 'Over The Counter' pharmacy business, representing a small part of the Australian business, was closed in the year.

The business had a solid underlying performance with the strongest growth coming from South Africa and the developing Asian business. Whilst reported results for Link have been affected this year by the depreciation of local currencies, particularly in South Africa, gross profit was ahead of last year on a constant currency basis.

The gross margin reduced from 42% to 36% on a pro forma basis due to a change in product mix and the depreciation of the local currencies, particularly in South Africa, making the cost of drugs more expensive to purchase.

The priorities this year are to build the Asian business, build and roll out the portfolio of licensed and unlicensed medicines and leverage the Group client base and procurement capabilities. The business has made a good start to this year and is well positioned to drive strong organic growth.

NUMBER OF LOCAL MARKETED LICENCES

>100

NUMBER OF GENERIC PRODUCTS

69

UNITS SHIPPED IN EIGHT MONTHS TO 30 JUNE 2016

2.2m

CHARACTERISTICS

- Market leader in Aus/NZ and S.Africa for provision of unlicensed medicine
- Range of licensed products including branded and generic
- Full in-house regulatory team
- AAA regional capability
- Strong partnerships with pharmacists

MARKET DRIVERS

- Growth of unlicensed medicine in emerging pharmaceutical markets
- Increasing demand and need for low priced generics
- Demand to internationalise regional products
- Increasing need to address shortages of supply

PRIORITIES

- Leverage Group client base and procurement capabilities
- Build scale of Asian business
- Build portfolio of licensed and unlicensed medicines

Clinigen Specialty Pharmaceuticals

Clinigen Specialty Pharmaceuticals ('CSP') Clinigen SP is a global specialty pharmaceutical business that acquires the global rights to niche, hospital-only and critical care medicines. With five products in two portfolios (oncology support and infectious disease), Clinigen SP has come a long way since acquiring its first product, Foscavir, from AstraZeneca in 2010.

The Clinigen SP business model is focused upon not just acquiring the global rights to products, but importantly, driving the revitalisation of these products through a range of different but complementary initiatives that ultimately stimulate demand leading to revenue and profit growth.

The Clinigen approach to specialty pharmaceuticals is to focus on those medicines which are in the mature phase of the product life cycle and are not a focus or priority for investment for the current owner. Provided they meet the criteria Clinigen applies in assessing the potential for a product, they will however become a valuable asset for Clinigen. Unlike most specialty pharmaceutical companies, Clinigen does not rely on a traditional country-based sales representative model in order to drive growth.

By focusing on mature, niche products, Clinigen SP is able to develop close working relationships with Key Opinion Leaders (KOLs) in the key treatment centres around the world to drive demand for, and growth in, its products.

1 The adjusted results exclude share based payment costs, amortisation and non-underlying costs
2 Newer products refers to Ethyol, Cardioxane, and Savene

RESULTS FOR YEAR ENDED 30 JUNE 2016[1]

£37.1m

REVENUE +10%

£31.9m

GROSS PROFIT +10%

86.0%

GROSS PROFIT % -0.3%

PROFILE

ACQUIRES GLOBAL RIGHTS AND REVITALISES HOSPITAL ONLY AND CRITICAL CARE MEDICINES

Clinigen's knowledge and expertise in both licensed and unlicensed medicines is of fundamental benefit to Clinigen SP's products since we have the ability to manage the unlicensed markets ourselves, effectively adding an extra dimension to supporting the revitalisation of each product.

The division, representing 31% of Group gross profit, increased gross profits by 10%. The strong growth was driven by the revitalisation of the newer products, Ethyol, Cardioxane, and Savene which collectively achieved a 31% increase in gross profit establishing themselves as an increasingly important part of the portfolio. The newer products now represent 36% the division's gross profit (2015: 30%). The divisional gross margin remained broadly unchanged at 86.0% (2015: 86.3%).

Ethyol, used to reduce the incidence of dry mouth in patients undergoing high dose radiation treatment, significantly increased revenues with strong performance in the Americas. To further drive the revitalisation of Ethyol in the US, the product was transferred to Cumberland Pharmaceuticals. The technical transfer of the manufacturing of Ethyol is complete and work is now being undertaken to optimise batch yields to drive future product manufacturing efficiencies.

The Dexrazoxane portfolio now combines Cardioxane, Savene and the newly acquired Totect product. Cardioxane is used as a cardio protectant in oncology (anthracycline) treatment and Savene is used as an important emergency treatment for extravasation (leakage) at the site of injection of oncology (anthracycline) treatments. Together, these two products achieved significant growth in the year, with Cardioxane benefiting from being used as an adjuvant drug in the ongoing clinical trials for new oncology drugs.

The process for the regulator's consideration of Article 31 (this article restricts the usage of Cardioxane to certain adult patient populations) is continuing. Although the process is proving more protracted than expected, Clinigen remains confident about the data submitted to the regulator and has the support of KOLs.

Totect, the US market equivalent product of Savene, was acquired in March 2016 providing an important entry for the Dexrazoxane product into the US. This product is expected to start providing revenues in the second half of the current financial year.

Foscavir, an anti-viral targeted at human herpes viruses and used primarily in bone marrow transplant patients, performed as expected with in-market sales increasing by 5%. Reported Foscavir revenues were below last year due to the phasing of bulk shipments to key distributors.

While the major revitalisation work has been done on Foscavir, the SP team continues to look at new applications such as in the treatment of human herpes virus 6, HHV6, and is preparing for the launch of the Foscavir product bag line extension.

The focus for Clinigen SP in FY17 will be to continue to pursue the revitalisation of all five products, in particular: the introduction of Totect into the US and completing the challenge to the Article 31 with Cardioxane as part of the overarching Dexrazoxane revitalisation strategy; the re-launch of Ethyol into the US through our commercial partner Cumberland Pharmaceuticals and the preparations for the introduction of the new bag product line extension for Foscavir. We are also focused on evaluating the pipeline of potential new products.

NUMBER OF PRODUCTS

5

COUNTRIES SUPPLIED

43

UNITS SHIPPED IN FY16

350,000

CHARACTERISTICS

- Product acquisitive
- Hospital only niche products for critical care
- Demand is KOL and hospital driven
- Knowledge and expertise in licensed and unlicensed markets
- Typically mature products

MARKET DRIVERS

- Large pharmaceutical narrowing focus to key therapy areas leading to portfolio rationalisation
- Trusted partners with global capability
- Increasing focus and diagnosis in areas of chronic diseases
- Aging population trend increasing demand for medicines
- Product life cycle is extending

PRIORITIES

- Drive revitalisation of all products
- Challenge of Article 31
- Launch of Totect and Foscavir bag line extension
- Add further products to portfolio

Another strong financial year

MARTIN ABELL
Chief Financial Officer

"This was a strong financial performance for the year against a backdrop of significant integration activity."

90%

INCREASE IN GROSS PROFIT*

213%

INCREASE IN CASH GENERATED FROM OPERATIONS

25%

INCREASE IN EPS*

18%

INCREASE IN DIVIDEND PER SHARE

HIGHLIGHTS

- Adjusted gross profit* up 90%, driven by acquisitions and organic growth
- Adjusted EPS* up 25% to 35.0p (2015: 28.0p)
- £49.4m cash generated from operations, up 213%
- Net debt decreased £8.1m to £68.1m, after £28.5m spend on acquisitions
- Full year dividend increased 18% to 4.0p (2015: 3.4p)

Reported revenue increased by 84%, reported gross profit increased by 79% and reported EPS increased by 83% versus last year, driven by both acquisitions and organic growth.

In order to better understand the performance of the Group, the results presented throughout the remainder of this overview are on an adjusted basis and, where appropriate, on a pro forma basis. Adjusted gross profit and adjusted EBITDA are viewed as the best measures of financial performance, together providing the best insight into top line and profit growth.

Gross profit increased by 7% on a pro forma basis** due to excellent growth from CTS, strong growth of the newer products in the SP division and the step up in performance in MA in the second half.

Administrative expenses* increased significantly due to the acquisitions. On a pro forma basis, adjusted administrative expenses were broadly flat with synergies achieved from the integration of the acquisitions offset by measures taken to strengthen the infrastructure and management team to support future growth.

EBITDA increased by 10%, benefiting from the increase in gross profits and pro forma administrative expenses remaining broadly flat.

This was a strong financial performance for the year against a backdrop of significant integration activity.

The table opposite shows the reconciling items between adjusted EBITDA of £56.0m (2015: £32.3m) and the reported EBITDA of £41.0m (2015: £21.4m).

The adjustments to EBITDA comprise the share based payment charges and associated social security costs of £2.3m, non-underlying costs totalling £7.5m, release of fair value profit margin on acquired inventory of £4.6m and a £0.6m adjustment relating to the presentation of the Joint Venture ('JV') earnings.

Within the non-underlying costs, there is £1.4m of acquisition costs relating to Link, and £5.6m of restructuring costs relating

SUMMARY INCOME STATEMENT

Year ended 30 June Adjusted results* (£m)	2016	2015	Growth Actual	Growth Pro forma**
Revenue	**344.1**	184.4	87%	
Gross profit	**102.1**	53.7	90%	**7%**
Administrative expenses	**(46.1)**	(21.4)	(115)%	
EBITDA	**56.0**	32.3	73%	**10%**
Depreciation	**(0.8)**	(0.3)		
EBITA	**55.2**	32.0	72%	
Finance cost	**(4.0)**	(0.9)		
Profit before tax	**51.2**	31.1	65%	
Basic earnings per share	**35.0p**	28.0p	25%	
Dividend per share	**4.0p**	3.4p	18%	

mainly to the integration of the Idis and Link acquisitions. These costs include £2.0m of redundancy costs, £1.9m relating to improving the Idis IT systems being used in the short term before a new system is implemented across the Group, and £1.0m relating to the closure and integration of offices. No further material restructuring or acquisition costs relating to Idis or Link Healthcare are expected.

The impairment of intangible fixed assets of £0.5m represents further regulatory and compliance costs relating to Vibativ (Vibativ was impaired in full in the last financial year). The rights and responsibilities relating to this product were transferred back to Theravance Biopharma on 4 August 2016.

Under IFRS3 (revised), stock acquired in a business combination is valued at fair value on acquisition, which includes the profit margin in the stock's carrying value. The £4.6m adjustment represents the profit margin associated with the acquired stock in the acquisition of both Idis and Link. This £4.6m profit margin is included in adjusted EBITDA* to reflect better the underlying profitability of the business but is excluded from reported EBITDA.

The £0.6m adjustment relating to the JV reflect that the adjusted results include the Group's 50% share of the South Africa JV in each of the lines above profit after tax, whilst in reported results the after tax income from the JV is included as only one line below profit from operations. The adjustment cancels to zero at the Group profit after taxation and earnings per share lines.

The table below shows the reconciliation items between adjusted EBITDA and reported EBITDA.

RECONCILIATION OF ADJUSTED EBITDA* TO REPORTED EBITDA

Year ended 30 June (£m)	2016	2015
Adjusted EBITDA	**56.0**	32.3
Share-based payment costs	**(2.3)**	(2.3)
Acquisition costs	**(1.4)**	(5.7)
Restructuring costs	**(5.6)**	(2.5)
Impairment of intangible fixed assets	**(0.5)**	(0.4)
Adjustment for fair value of acquired stock sold in the period	**(4.6)**	–
EBITDA of Joint Venture in South Africa	**(0.6)**	–
Total adjustments	**(15.0)**	(10.9)
Reported EBITDA	**41.0**	21.4

RECONCILIATION OF ADJUSTED RESULTS* TO REPORTED RESULTS

	2016 (£m)					2015 (£m)		
	Adjusted results*	**JV accounting**	**Adjusted results post JV accounting**	**Adjustments**	**Reported results**	Adjusted results*	Adjustments	Reported results
Revenue	**344.1**	**(4.2)**	**339.9**	**–**	**339.9**	184.4	–	184.4
Cost of sales	**(242.0)**	**2.8**	**(239.2)**	**(4.6)**	**(243.8)**	(130.7)	–	(130.7)
Gross profit	**102.1**	**(1.4)**	**100.7**	**(4.6)**	**96.1**	53.7	–	53.7
Admin expenses	**(46.1)**	**0.8**	**(45.3)**	**(9.8)**	**(55.1)**	(21.4)	(10.9)	(32.3)
EBITDA	**56.0**	**(0.6)**	**55.4**	**(14.4)**	**41.0**	32.3	(10.9)	21.4
Amortisation	**–**	**–**	**–**	**(20.0)**	**(20.0)**	–	(11.8)	(11.8)
Depreciation	**(0.8)**	**–**	**(0.8)**	**–**	**(0.8)**	(0.3)	(0.1)	(0.4)
Profit from operations	**55.2**	**(0.6)**	**54.6**	**(34.4)**	**20.2**	32.0	(22.8)	9.2
Finance cost	**(4.0)**	**–**	**(4.0)**	**(0.7)**	**(4.7)**	(0.9)	–	(0.9)
Share of profit of JV	**–**	**0.4**	**0.4**	**–**	**0.4**	–	–	–
Profit before tax	**51.2**	**(0.2)**	**51.0**	**(35.1)**	**15.9**	31.1	(22.8)	8.3
Taxation	**(11.5)**	**0.2**	**(11.3)**	**8.9**	**(2.4)**	(6.7)	4.1	(2.6)
Profit after tax	**39.7**	**–**	**39.7**	**(26.2)**	**13.5**	24.4	(18.7)	5.7
Basic EPS (p)	**35.0**	**–**	**35.0**	**(23.1)**	**11.9**	28.0	(21.5)	6.5
Diluted EPS (p)	**34.6**	**–**	**34.6**	**(22.8)**	**11.8**	27.2	(20.9)	6.3

The table above reconciles adjusted results to reported results. The adjustments relating to the JV reflect that the adjusted results include the Group's 50% share of the South Africa JV in each of the lines above profit after tax whilst in reported results the after tax income from the JV is included as only one line below profit from operations.

The other adjustments to EBITDA are as set out in the earlier table above. The £0.7m (2015: nil) adjustment to the net finance charge is the non-cash interest charge unwind of the discount applied to the deferred consideration payable in respect of Link.

DEPRECIATION AND AMORTISATION

Depreciation in the year was £0.8m (2015: £0.3m) relating principally to fixtures, fittings and equipment. Amortisation was £20.0m (2015: £7.1m), of which £15.0m related to corporate acquisitions, £4.3m related to SP products, and £0.7m related to software.

FINANCE COST

The reported net finance cost was £4.7m (2015: £0.9m). The adjusted net finance cost*, excluding the non cash interest charge unwind referred to above, was £4.0m (2015: £0.9m) relating primarily to bank debt. The increase is principally due to the debt taken on to fund the acquisitions of Idis and Link. Interest on the bank debt is payable on a tiered scale based on the level of borrowing. The average interest charge on gross debt during the period was 3.15%.

TAXATION

Taxation was £2.4m (2015: £2.6m) based primarily on the prevailing UK and US tax rates. This charge is calculated as £11.5m on adjusted profit* of £51.2m, offset by a credit of £8.9m in respect of the non-underlying costs, amortisation and share incentive schemes, and £0.2m of tax payable by the JV.

The underlying effective tax rate increased to 22.5% (2015: 21.5%) due to the increase in overseas earnings in territories with a higher tax rate.

EARNINGS PER SHARE

Reported basic earnings per share was 11.9p (2015: 6.5p). Adjusted basic earnings per share*, calculated excluding share based payment costs, amortisation and non-underlying costs, increased by 25% to 35.0p (2015: 28.0p). The increase reflects the Group's higher adjusted profit from operations.

A reconciliation of adjusted earnings per share to reported earnings per share is included in note 6 to the Report and Accounts.

DIVIDEND

The Directors are committed to a sustainable and progressive dividend policy and expect interim and final dividend payments to be split one-third to two-thirds respectively.

In view of the good results, the Board proposes a final dividend of 2.7p per share (2015: 2.3p), resulting in an increase in the full year dividend of 18% to 4.0p per share (2015: 3.4p). The full year dividend is covered by nine times underlying earnings.

The final dividend will be paid, subject to shareholder approval, on 25 November 2016 to shareholders on the register on 4 November 2016.

ACQUISITIONS

On 30 October 2015, the Group completed the acquisition of Link. Total consideration is £51.5m made up of an initial consideration of £41.6m (comprising of £22.3m cash and 3,102,558 shares), payment for working capital of £2.0m and a discounted estimated contingent consideration of £7.8m.

The estimated contingent consideration has been discounted and calculated based on expected results. Any contingent consideration payment would be payable in October 2017 and are subject to performance criteria.

In the eight months ended 30 June, Link Healthcare reported revenue of £28.7m and gross profit of £10.2m.

CASH FLOW AND NET DEBT

Cash flow performance was excellent in the year with £49.4m cash generated from operations, supported by an improvement in underlying working capital.

The cash out flow for the initial consideration for the Link acquisition was £22.4m (£24.3m less £1.9m cash acquired). Capital expenditure was £8.0m, of which £6.0m related to the acquisition of the Totect product, the line extension to Foscavir and the technical transfer of the manufacture of the Ethyol product. Capital expenditure will increase in the current year due to the spend on the Group ERP system that is being implemented.

The other main cash flows were tax paid of £3.7m, interest paid of £3.6m and dividends paid of £4.1m.

Overall net debt decreased £8.1m from £76.2m at 30 June 2015 to £68.1m with the cash consideration for the acquisition of Link and the product acquisitions being financed by the free cash flow from the business.

BALANCE SHEET

Intangible assets increased from £302.5m at 30 June 2015 to £333.7m principally due to the acquisition of Link.

Net negative working capital of £3.8m was similar to the position as at 30 June 2015 with the £7.0m working capital relating to the Link business offset by improvements in the working capital position in the remainder of the Group. The improvement in underlying working capital resulted from a combination of improved working capital management, particularly in respect of the legacy Idis business, and favourable cash flow movements around the year end.

Total deferred consideration across both current and non current liabilities is £13.2m (2015: nil) of which £8.5m relates to the estimated contingent consideration on the Link acquisition, payable subject to financial performance, and £4.7m in respect of milestone payments on product acquisitions.

TREASURY MANAGEMENT

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

As at 30 June 2016, the Group has a total bank facility of £131.0m, consisting of a five year term repayment loan of £36.0m which matures in June 2020 and a revolving credit facility ('RCF') of £95.0m which is available until June 2020 and is renewable on a monthly basis.

The Group has considerable headroom against these facilities providing the capability to continue to make product acquisitions. Covenant terms apply to the bank facilities comprising interest cover, cash flow cover and adjusted leverage covenants.

All borrowings are in sterling and are managed by the Group's UK based Treasury function, which manages the Group's treasury risk in accordance with policies set by the Board.

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

PRINCIPAL RISKS FACING THE BUSINESS

Clinigen operates an embedded risk management framework, which is monitored and reviewed by the Board. There are a number of potential risks and uncertainties that could have a material impact on the Group's financial performance and position. These include risks relating to competitive threat, the regulatory environment, political environment, counterfeit product penetrating the supply chain and foreign exchange. These risks and the Group's mitigating actions are set out in the 2016 Annual Report (pages 32 and 33).

MARTIN ABELL
Chief Financial Officer
27 September 2016

* The adjusted results exclude share-based payment costs, amortisation, non-underlying costs and include the 50% share of the unaudited results from the Joint Venture in South Africa

** Year on year comparisons, referred to as 'pro forma' are calculated from the aggregated unaudited results taken from i) 12 monthly management information for Clinigen and Idis, and ii) for Link Healthcare, the eight months ended 30 June 2016 and for the eight months ended 30 June 2015. The pro forma calculation has also removed the effect of the termination of the Global Access low margin contract in November 2015

Managing our risk

RISK	MANAGEMENT ACTIONS TO MITIGATE RISK
POLITICAL RISK	
The Group's expanded global footprint has increased the exposure to adverse local political decisions and economic events impacting the pharmaceutical industry, which may affect the ability to supply, local demand and/or pricing	The Group mitigates this risk by having an increasingly broad product, service and geographical range limiting the impact of events in any single territory. The Group continually monitors developments in key geographies and maintains strong relationships with regulatory bodies to enable the Group to respond rapidly to local changes in circumstances or events. The Group also takes account of political risk when assessing new contracts or product acquisitions. Brexit is not expected to have any adverse effects on the Group in the short term. Whilst the outcomes are not yet clear, the Group's flexible operating model, the team's deep understanding of multinational regulatory process and with around 85% of revenues being from international markets, it is expected that any medium to long term implications will be manageable.
COMPETITIVE THREAT TO PRODUCT PORTFOLIO	
The Group faces a threat to its Specialty Pharmaceutical products from generic products and/or the development of alternative therapies by competitors that can significantly erode sales of our products	The continued diversification of the Group reduces the overall effect on the Group if one of the products is impacted by significant change in the competitive landscape. Finding and promoting new users of our products and expanding into new geographies is a key part of our product revitalisation strategy and this helps mitigate the impact of competition in a particular geography or treatment area. The Group closely monitors the competitive landscape in key markets to ensure a rapid and appropriate response to changes in competition.
SUPPLY CHAIN	
Shortage of supply of our products could put patients at risk, damage the Group's reputation and impact profits	The Group has effective supply chain management only working with trusted manufacturing and global distribution partners which the Group assess regularly. The Group also seeks to maintain appropriate stock levels of its own products and related Active Pharmaceutical Ingredient (API) to minimise the risk of shortage of supply.
COMPLIANCE	
Increased legislation and regulation could inhibit our ability to conduct business in certain jurisdictions and expose the Group to potential reputational damage and financial penalties	The Group has a business-wide compliance structure with resources to comply with requirements embedded throughout the business. The Group has invested in well-resourced and expert centralised quality management and regulatory teams. In addition, a code is issued to all employees and is supported by training and an engagement programme to improve awareness of the Group's values of ethics, trust and quality. The Group is also regularly audited by customers and regulatory authorities to ensure compliance and acts to address any recommendations.

RISK	MANAGEMENT ACTIONS TO MITIGATE RISK
COUNTERFEIT PRODUCTS	
The Group's reputation could be undermined through the supply of counterfeit products	To the extent possible, the Group supplies its own products directly to hospitals and healthcare professionals. The Group also has industry leading quality management systems and audits supply partners where appropriate.
RELIANCE ON TECHNOLOGY	
The Group's dependence on technology in our day-to-day business means that systems failure and loss of data would have a high impact on our operations	The Group's technology strategy is regularly reviewed to ensure that the systems it operates across the Group support its strategic direction. Ongoing asset life cycle management programmes mitigate risks of hardware obsolescence whilst back-up procedures mitigate risk of data loss. The Group is currently undertaking an implementation of a new ERP system designed to make the business systems more efficient and scalable. The risk attached to this implementation has been mitigated by a significant amount of planning work, the employment of a specialist implementation partner and a robust governance structure managing the implementation.
DATA SECURITY	
The Group often manages confidential personal data in the countries in which it operates. A material breach exposes the Group to potential legal, financial and reputational risk	The Group has data protection policies and procedures in place across the business along with comprehensive cyber security procedures to minimise the risk of data breach and leakage of confidential information.
FOREIGN EXCHANGE	
The Group has significant operations and activities outside the UK and is therefore exposed to foreign exchange risk	The Group's main operational currencies are sterling, Euro, US dollar and to a lesser extent the South African Rand and Australian Dollar. The Group reduces its exposure to currency fluctuation on translation by typically managing currencies at Group level using bank accounts denominated in the principal foreign currencies for payments and receipts. The Group seeks to optimise the matching of currency surpluses generated to the foreign currency needs of the wider Group, and where there is a sufficient visibility of currency needs, forward contracts are used to hedge exposure to foreign currency fluctuations. The Group does not issue or use financial instruments of a speculative nature and the Group's treasury function does not act as a profit centre.

A responsible business

Clinigen originally began to address an unmet medical need, with 80% of the world's population having low or non-existent access to medicines[1]. Through our global supply and distribution network we are able to navigate the regulatory hurdles to ensure we deliver the **right medicine,** to the **right patient,** at the **right time.** In the last financial year we shipped over four million unlicensed and licensed units, helping patients in over 100 countries.

CORPORATE, SOCIAL AND ETHICAL POLICIES

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

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

EMPLOYEES

The Group employs over 500 people in eight countries and is committed to a policy of equal opportunities in the recruitment, engagement and retention of employees. The multinational diversity of our team not only supports our global service offering but demonstrates our lack of barriers to employment. Employees are supported to undertake additional training, both internal and external, to develop their skills which are then often transferred across departments or enable promotion.

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

It is important we listen to our employees and understand their views on Clinigen as an employer. The Group operates a culture of open communication through a range of two-way mediums including: monthly employee representative staff forums; newsletters; and regular Group updates from the CEO, Deputy CEO and CFO. The strategic objectives of the Group are communicated to the employees through the monthly updates and at the annual all staff conference. The employees are encouraged to be a part of the Group's success through share ownership and the Group's employee share schemes.

The Group's first employee engagement survey was held during the year and senior management take the findings of the survey seriously and will act appropriately.

We recognise the importance of diversity, including gender, at all levels of the company. The Group already has a strong female representation in both management and operational boards. On our management board, women comprise 33% of positions for the UK and 29% for our international operations. In addition, out of 308 employees in the UK, approximately 58% are female and approximately 29% of the senior managers in the UK are female. We continue to actively seek to recruit and advance women into our top management. In preparation for the introduction of mandatory gender pay gap reporting in 2016, Clinigen will proactively investigate and address gender pay gaps.

MODERN SLAVERY ACT

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

As we have expanded with the merger of Idis and Link, Clinigen has become a worldwide supplier and distributor of pharmaceutical products and services. As part of our initiative to identify and mitigate risk we have, or are in the process of putting in place, systems to:

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

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

COMMUNITY

Clinigen participates in local community projects that it feels are worthy and appropriate and encourages employees to get involved in local and national charitable events, as well as deciding where charitable donations are placed. An example of this is the League Managers Association, with whom we work to support local schools in their Football Association level coaching.

The Group has continued to support Foundation MEM over a number of years, which is a charity focusing on developing a better life for a village in Cameroon which is very close to some of our employees, and The Anthony Nolan Trust, a charity very relevant to Foscavir, the first product acquired in 2010.

Clinigen work alongside Patient Group Organisations in the MA division. We believe greater patient involvement in personal healthcare needs and also in the development of local and national healthcare provision is an important part of the future development of effective healthcare services.

The Group made no political donations during the year (2015: £nil) and made charitable donations of £3k (2015: £15k).

HEALTH AND SAFETY

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

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

TOP LEFT: Clinigen staff yacht racing during Cowes Week

TOP RIGHT: Clinigen sponsors the League Managers Association who held a training event at Derby College in February 2016

MIDDLE LEFT: Clinigen sponsors Phantom of the Opera FC, winners of the MacMillan Cup

MIDDLE RIGHT: Clinigen staff taking part in the UK Challenge

ABOVE: Clinigen partners Foundation MEM and sponsored a trip to Cameroon in September 2015

1 http://www.talkingdrugs.org/dying-for-relief-access-to-pain-medication-and-suicide-in-russia 24 April 2015

Board of Directors

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

PETER ALLEN Non-Executive Chairman	**SHAUN CHILTON** Chief Executive Officer-designate	**PETER GEORGE** Chief Executive Officer	**MARTIN ABELL** Chief Financial Officer
Appointed: August 2012	**Appointed:** Director in July 2013 and CEO-designate in September 2016	**Appointed:** June 2010	**Appointed:** Director in August 2015 and CFO in October 2015
Committees: Nomination (Chairman), Audit and Risk, Remuneration	**Committees:** None	**Committees:** None	**Committees:** None
Profile: Peter has a wealth of experience and has held key senior positions in a number of companies in the healthcare industry and played a significant role in their growth. Peter spent 12 years at Celltech Group plc (1992-2004) as CFO and Deputy CEO, 6 years at ProStaken Group plc as Chairman (2007-13) and interim CEO (2010-11) and three years as Chairman of Proximagen Neurosciences plc (2009-12).	**Profile:** Shaun holds responsibility for the Group achieving its key performance indicators on a day to day basis and plays a central role in setting and executing the Group strategy. He previously held the position of President within KnowledgePoint360 Group, a global pharmaceutical information and services operation. Shaun has 20 years' experience in the industry across a range of disciplines, including commercial, strategic, operational and sales and marketing roles for companies such as Pfizer and Sanofi. Shaun will become CEO in November 2016.	**Profile:** Peter joined Clinigen when it formed and has been at the forefront of the strategic decisions and resulting growth Clinigen has achieved. Peter has an extensive range of experience, starting his career in the UK's National Health Service before utilizing and strengthening his experience in the pharmaceutical industry where he has held a number of senior international roles including Executive VP for Wolters Kluwer Health, with responsibility for European and Asia Pacific regions, CEO at Penn Pharma Limited where he led a £67m management buy-out in 2007 and Chief Operating Officer for Unilabs Clinical Trials International Limited. Peter was CEO of the Year in the 2014 European Mediscience Awards. Peter is retiring as CEO in November 2016 but will remain on the Board as a Non-Executive Director	**Profile:** Before joining Clinigen, Martin worked at the FTSE 250 recruitment group Hays plc. At Hays, Martin spent the first part of his career as Head of Investor Relations and M&A, and was later appointed Finance Director for the Continental Europe and Rest of World division which operated across 21 countries with revenues of over £1bn. Previously, Martin held several financial roles at the FTSE 100 logistics group, Exel plc (now part of Deutsche Post) including Financial Controller of two of the UK divisions. He is a qualified Chartered Accountant, having trained at PwC in the M&A Transaction Services team.
External appointments: Peter has a wealth of experience on the Boards of both private and publicly owned companies, including Chairman, CEO and CFO positions. He is also currently Chairman of Advanced Medical Solutions Plc, Future Plc, Oxford Nanopore Technologies Plc and Diurnal Ltd.	**External appointments:** None.	**External appointments:** Peter is currently a Non-Executive Director of Ergomed Plc.	**External appointments:** None.

JOHN HARTUP Non-Executive Director	IAN NICHOLSON Non-Executive Director	ROBIN SIBSON Non-Executive Director	JOHN BACON Non-Executive Director
Appointed: May 2011	**Appointed:** September 2012	**Appointed:** Non-Executive Director January 2016	**Appointed:** October 2015
Committees: Audit and Risk (Chairman), Nomination, Remuneration	**Committees:** Remuneration (Chairman), Audit and Risk, Nomination	**Committees:** None	**Committees:** None
Profile: John has over 30 years' experience as a corporate lawyer dealing with corporate finance and commercial contract issues across a number of industries. Formerly Managing Partner at Ricksons LLP and subsequently became a Partner at DWF LLP.	**Profile:** Ian has considerable experience as both an Executive Director and as a Non-Executive Director. Ian is CEO of F2G Limited.	**Profile:** Robin joined Clinigen's forerunner in 2003 and has been a consistent and skilled presence through the evolution of Clinigen. He retired from the role of CFO in October 2015 to become a Non-Executive Director and to focus on his charitable interests. He has over 30 years' experience in the pharmaceutical industry, holding a number of senior, executive, finance roles for companies such as Abbott, Boots and BASF. Robin is retiring as a Non-Executive Director in November 2016.	**Profile:** Previously Chairman of Link Healthcare, John Bacon founded the organisation in the 1990s thereby pioneering the supply of specialist pharmaceuticals in the Australasian markets. He has qualifications in both science and business and prior to forming Link Healthcare, held senior positions in both fields across the Asia-Pacific region.
External appointments: None.	**External appointments:** Ian currently holds positions as Non-Executive Director of Consort Medical plc and Bioventix plc, where he is the Non-Executive Chairman. Ian is also Chairman of the investment committee at Cancer Research UK Pioneer Fund, Director of Casewell Consulting Limited and an Operating Partner at Advent Life Sciences LLP.	**External appointments:** Director Mount Cook Property Limited, Director Mount Cook Activity Limited.	**External appointments:** None.

Corporate Governance Statement

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

THE BOARD AND COMPOSITION

The Board consists of three Executive Directors and five Non-Executive Directors, including the Chairman. The names of the Directors and their biographies are set out on pages 36 and 37.

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

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

Robin Sibson stepped down as CFO and became a Non-Executive Director in October 2015. Martin Abell joined the Board in August 2015 and was appointed as CFO in October 2015.

John Bacon, the previous Chairman of Link Healthcare, joined the Board as Non-Executive Director in November 2015.

In November 2016, Peter George will retire as CEO but remain as a Non-Executive Director. Shaun Chilton, on the board since July 2013, will take over as CEO. At the same time, Robin Sibson will retire as a Non-Executive Director.

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

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

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

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

The Board has established a Nomination Committee, Audit and Risk Committee and Remuneration Committee with each having separated duties and responsibilities.

NOMINATION COMMITTEE

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

AUDIT AND RISK COMMITTEE

The Chairman of the Audit and Risk Committee is John Hartup with Peter Allen and Ian Nicholson the other members of the Committee. The primary role of the Committee is to monitor, review and challenge the financial statements and regulatory environment, monitor the relationship with the external auditor, monitor the Group's internal control and risk management and ensure compliance with laws and regulations. The Committee meets at least two times a year.

REMUNERATION COMMITTEE

The Chairman of the Remuneration Committee is Ian Nicholson with Peter Allen and John Hartup the other members of the Committee. The primary role of the Committee is to determine and agree the remuneration of the Company's Chairman, CEO, Executive Directors and company secretary with the objective to ensure there is an appropriate remuneration strategy in place to encourage enhanced performance and reward for individual contributions to the success of the Company. The Committee also reviews the design of all Group share incentive plans and oversees major changes to employee benefit structures across the wider business. The Committee meets regularly through the year.

RISK MANAGEMENT AND INTERNAL CONTROL

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

COMMUNICATION WITH INVESTORS

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

SHARE DEALING

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

ANNUAL GENERAL MEETING

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

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

WHISTLEBLOWING

During the year, our whistleblowing systems and procedures successfully responded to an anonymous complaint about Clinigen's trading relationship with one of its distributors. Led by our Chairman, Peter Allen, an independent investigation was swiftly convened and found no wrongdoing. We remain confident that we have robust and effective whistleblowing procedures in place to respond to matters that may arise.

Spring Time Tango, by Klari Ries

Remuneration Report

The Directors' Remuneration Report regulatory requirements under Main Market UK listing Rules do not require compliance by AIM quoted companies. The Group makes the following disclosures voluntarily and plans to develop disclosure further next year.

The remuneration policy has been constructed to offer appropriate, competitive remuneration to attract and retain senior executives and encourage them to implement the Group's strategy for the benefit of long-term shareholder value. The Board believes the remuneration policy should be applied consistently, although be subject to regular review and be linked to the Group's performance. The incentive based reward should be related directly to the achievement of performance conditions aligned to shareholder interests and should not expose shareholders to undue financial risk.

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

i) **Base Salary:** used to attract and retain senior executives providing a core level of reward
ii) **Annual Performance Bonus:** used to drive performance consistent with the medium to long-term strategic objectives for the Group. This reward is based on the Group's financial performance (EBITDA) and specific personal objectives set by the Remuneration Committee. Going forward, part of this bonus will be subject to a deferral period
iii) **Long-Term Incentive Plan ('LTIP'):** used to align senior executives, interests with shareholders over the long-term. The reward is based on the Group's Total Shareholder Return ('TSR') versus the FTSE Small Cap Index (ex Investment Trusts) and going forward, will also be based on Earnings per Share ('EPS') and personal objectives set by the Remuneration Committee
iv) **Other:** this includes pensions, car allowance and medical insurance used to provide a market competitive remuneration package

The Executive Directors and Non-Executive Directors remuneration for 2016 and 2015 are set out below:

	2016					2015				
	Salary/fees	**Bonus**	**LTIP**	**Other**	**Total**	Salary/fees	Bonus	LTIP	Other	Total
P George	**413**	**–**	**5,655**	**35**	**6,103**	357	172	–	38	567
S Chilton	**228**	**242**	**2,828**	**40**	**3,338**	209	101	–	22	332
M Abell	**190**	**177**	**–**	**20**	**387**	–	–	–	–	–
P Allen	**80**	**–**	**477**	**4**	**561**	79	–	–	3	82
J Hartup	**50**	**–**	**–**	**–**	**50**	49	–	–	–	49
I Nicholson	**48**	**–**	**–**	**–**	**48**	47	–	–	–	47
R Sibson	**131**	**–**	**–**	**20**	**151**	221	108	–	24	353
J Bacon	**32**	**–**	**–**	**–**	**32**	–	–	–	–	–

There were three Directors (2015: three) who were members of the defined contribution pension scheme.

The amount payable to the highest paid Director in respect of emoluments was £6,103,000 (2015: £567,000), comprising basic salary and bonus of £413,000 (2015: £529,000), long-term share incentive based payments of £5,655,000 (2015: nil) and other benefits made on their behalf of £35,000 (2015: £38,000).

For the year, the annual performance bonus for the Executive Directors paid at 95% of their basic salary. Peter George waived his entire bonus, and Shaun Chilton part of his bonus, and these amounts will be distributed as share options to employees across the business.

During the year share options were issued to Shaun Chilton and Martin Abell as part of the long term incentive plans as set out in the table below. Peter George waived his entitlement to share options and share options of the amount waived were issued to employees.

Martin Abell was also issued shares as part of the Group's sharesave plan.

During the year, Peter George, Shaun Chilton and Peter Allen, exercised share options, as shown in the table below following the long-term incentive plan performance criteria being met.

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

	Plan	30 June 2015	Exercised	Issued	**30 June 2016**
P George	Clinigen Group Long Term Incentive Plan	825,556	825,556	–	**–**
S Chilton	Clinigen Group Long Term Incentive Plan	662,978	412,778		**250,200**
	Clinigen Group Long Term Incentive Plan 2015	–	–	36,182	**36,182**
M Abell	Clinigen Group Long Term Incentive Plan 2015	–	–	123,172	**123,172**
	Clinigen Group Sharesave Plan	–	–	3,846	**3,846**
P Allen	Chairman's Option Agreement	91,464	91,464		

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

The Remuneration Committee carefully considers Executive Directors' service contracts. These contracts are designed to recruit and retain Directors of the quality required to manage the Company.

Details of the service contacts for the Executive Directors and Non-Executive Directors is set out below:

	Date of contract	Unexpired Term (months) or Rolling Contract	Notice Period (months)
P George*.	1 July 2010	Rolling	12
S Chilton	3 January 2012	Rolling	12
M Abell	3 August 2015	Rolling	6
P Allen	1 August 2012	Rolling	3
J Hartup	1 June 2011	Rolling	3
I Nicholson	1 September 2012	Rolling	3
R Sibson	1 January 2016	3	3
J Bacon	30 October 2015	Rolling	3

* Peter George's remuneration and notice period will change to 3 months when his role changes from Chief Executive Officer to a Non-Executive Director in November 2016.

In the four years since IPO on 24 September 2012 until 20 September 2016, the Group's Total Shareholder Return (TSR), defined as share price growth including reinvested dividends, has outperformed the FTSE All Share Index by 265%, the FTSE 350 Pharma and Bio Index by 227% and the FTSE Small Cap Index (ex Investment Trusts) by 221%.

Report of the Directors

for the year ended 30 June 2016

The Directors present their report together with the Strategic Report and the audited consolidated financial statements for the year ended 30 June 2016.

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

PRINCIPAL ACTIVITIES

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

During the year, Clinigen acquired Link Healthcare and its subsidiary undertakings. Due to an earn-out attached to the acquisition, Link Healthcare remains a separate operating business. Clinigen Clinical Trial Services (CTS), Idis Managed Access ("Idis MA"), Idis Global Access ("Idis GA") and Clinigen Specialty Pharmaceuticals ("SP") were unchanged by the acquisition.

Clinigen SP focuses on acquiring and in-licensing specialist, hospital-only medicines worldwide, commercialising and revitalising them within niche markets.

Idis MA specialises in the consultancy, development, management and implementation of managed access programmes for biotechnology and pharmaceutical companies.

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

Idis GA works directly with healthcare providers to enable ethical compliant access to unlicensed medicines.

Link Healthcare provides local exclusive access to unlicensed, licensed or generic medicines in the Australasia, Africa and Asia region.

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

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The business review is included within the operational review and can be found on pages 18 to 27.

KEY PERFORMANCE INDICATORS

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

FINANCIAL INSTRUMENTS

The Group's operations expose it to a variety of financial risks that include credit risk, liquidity risk and foreign exchange risk. The Group has a risk management programme that seeks to limit the adverse effects on the financial performance of the Group by monitoring levels of debt finance and related finance costs and managing foreign currency transactions. The Group has implemented policies that require appropriate credit checks before a sale is made. The Group reduces its exposure to currency fluctuations on translation by managing currencies at Group level using bank accounts denominated in foreign currencies. Where there is sufficient visibility of currency requirements, forward contracts are used to hedge its exposure to foreign currency fluctuations.

Further detail is provided in note 20.

CREDITOR PAYMENT POLICY

It is the policy and normal practice of the Group to make payments due to suppliers in accordance with agreed terms and conditions, generally 30 days. Where suppliers offer early settlement discounts, these may be taken advantage of. The policy will also be applied for 2017.

DIVIDEND

As explained in the CFO statement, the Directors propose a final dividend of 2.7 pence per share, subject to approval at the AGM on 11 November 2016. The dividend will be payable on 25 November 2016 to all shareholders on the register at 4 November 2016. Together with the interim dividend of 1.3 pence per share paid on 8 April 2016, this makes a combined dividend for the year of 4.0 pence per share (2015: 3.4 pence per share).

EVENTS AFTER THE REPORTING DATE

There have been no significant events to report since the date of the balance sheet.

DIRECTORS AND APPOINTMENT OF DIRECTORS

The Directors who served during the year and up to the date of signing the financial statements were, unless otherwise stated, as follows:
P George
S Chilton
M Abell (appointed 3 August 2015)
P Allen (Non-Executive Chairman)
J Hartup (Non-Executive)
I Nicholson (Non-Executive)
R Sibson (Non-Executive)
J Bacon (Non-Executive) (appointed 27 October 2015)

With regard to the appointment of Directors, the Company is governed by its Articles of Association, the Companies Act and related legislation. Directors are subject to re-election at intervals of not more than three years. J Hartup, Senior Non-Executive Director and Shaun Chilton, CEO – designate, will be retiring by rotation and offering themselves for re-election at the AGM to be held on 11 November 2016.

DIRECTORS' INTERESTS

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

	Number of shares at 30 June 2016	Number of shares at 1 July 2015
P George	**5,557,242**	5,557,242
R Sibson	**1,480,515**	2,480,515
J Bacon	**930,767**	-
S Chilton	**303,800**	303,800
P Allen	**45,732**	45,732
M Abell	**19,404**	-
J Hartup	**10,000**	10,000
I Nicholson	**10,000**	10,000
	8,357,460	8,407,289

There has been no change in the interests set out above between 30 June 2016 and 28 September 2016.

DIRECTORS' RESPONSIBILITIES STATEMENT

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

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

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

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

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

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

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

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

Report of the Directors
for the year ended 30 June 2016

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

EMPLOYEES
The policies relating to employees are discussed in the Corporate Responsibility section of the Strategic Report.

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

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

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

PROVISION OF INFORMATION TO THE AUDITORS
Each of the Directors at the time when this Report of the Directors is approved has confirmed that:
- so far as that Director is aware, there is no relevant audit information of which the Company's and the Group's auditors are unaware; and
- that Director has taken all the steps that ought to have been taken as a Director in order to be aware of any information needed by the Company and the Group's auditors in connection with preparing their report and to establish that the Company and the Group's auditors are aware of that information.

AGM NOTICE
The notice convening the AGM to be held on 11 November 2016, together with an explanation of the resolutions to be proposed at the meeting, is contained in a separate circular to shareholders.

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

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

MARTIN ABELL
Chief Financial Officer
27 September 2016

Independent auditors' report

to the members of Clinigen Group plc

Report on the group financial statements

OUR OPINION

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

- give a true and fair view of the state of the group's affairs as at 30 June 2016 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

WHAT WE HAVE AUDITED

The financial statements, included within the Annual Report, comprise:

- the consolidated statement of financial position as at 30 June 2016;
- the consolidated income statement and statement of comprehensive income for the year then ended;
- the statement of cash flows for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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

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

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

OTHER MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

ADEQUACY OF INFORMATION AND EXPLANATIONS RECEIVED

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

DIRECTORS' REMUNERATION

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

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

OUR RESPONSIBILITIES AND THOSE OF THE DIRECTORS

As explained more fully in the Directors' Responsibilities Statement set out on page 43, 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

WHAT AN AUDIT OF FINANCIAL STATEMENTS INVOLVES

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

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

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

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

OTHER MATTER

We have reported separately on the Company financial statements of Clinigen Group plc for the year ended 30 June 2016.

ANDREW HAMMOND (SENIOR STATUTORY AUDITOR)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham
27 September 2016

Consolidated income statement
for the year ended 30 June 2016

(In £m)	Note	2016 underlying	2016 non-underlying (note 6)	2016 total	2015 underlying	2015 non-underlying (note 6)	2015 total
Revenue	3	**339.9**	**–**	**339.9**	184.4	–	184.4
Cost of Sales		**(239.2)**	**(4.6)**	**(243.8)**	(130.7)	–	(130.7)
Gross profit	3	**100.7**	**(4.6)**	**96.1**	53.7	–	53.7
Administrative expenses		**(51.1)**	**(24.8)**	**(75.9)**	(26.7)	(17.8)	(44.5)
Profit from operations	4	**49.6**	**(29.4)**	**20.2**	27.0	(17.8)	9.2
Finance cost	7	**(4.0)**	**(0.7)**	**(4.7)**	(0.9)	–	(0.9)
Share of profit of joint venture		**0.4**	**–**	**0.4**	–	–	–
Profit before tax		**46.0**	**(30.1)**	**15.9**	26.1	(17.8)	8.3
Tax	8	**(10.3)**	**7.9**	**(2.4)**	(5.7)	3.1	(2.6)
Profit attributable to owners of the parent Company		**35.7**	**(22.2)**	**13.5**	20.4	(14.7)	5.7
Earnings per share							
Basic	9			**11.9**			6.5p
Diluted	9			**11.8**			6.3p

Consolidated statement of comprehensive income
for the year ended 30 June 2016

(In £m)	2016 underlying	2016 non-underlying (note 6)	2016 total	2015 underlying	2015 non-underlying (note 6)	2015 total
Profit for the period attributable to the owners of the parent	**35.7**	**(22.2)**	**13.5**	20.4	(14.7)	5.7
Other comprehensive income						
Items that may be reclassified to profit or loss						
Exchange gains/(losses) arising in the period on translation of foreign operations	**0.6**	**–**	**0.6**	(0.1)	–	(0.1)
Total comprehensive income attributable to owners of the parent	**36.3**	**(22.2)**	**14.1**	20.3	(14.7)	5.6

All amounts relate to continuing operations.

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

The notes on pages 50 to 81 form an integral part of the consolidated financial statements.

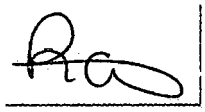
Consolidated statement of financial position

as at 30 June 2016

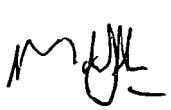
(In £m)	Note	2016	2015 restated
Assets			
Non-current assets			
Property, plant and equipment	11	**2.7**	1.6
Intangible assets	12	**333.7**	302.5
Investment in joint venture	13	**7.4**	–
Deferred tax assets	21	**3.5**	5.0
Total non-current assets		**347.3**	309.1
Current assets			
Inventories	14	**16.0**	11.1
Trade and other receivables	15	**68.8**	71.1
Cash and cash equivalents	16	**27.8**	27.8
Total current assets		**112.6**	110.0
Total assets		**459.9**	419.1
Liabilities			
Non-current liabilities			
Trade and other payables	17	**11.0**	–
Loans and borrowings	18	**25.9**	34.5
Deferred tax liabilities	21	**22.2**	21.6
Total non-current liabilities		**59.1**	56.1
Current liabilities			
Trade and other payables	17	**90.8**	87.1
Provisions	19	**0.8**	1.5
Loans and borrowings	18	**70.0**	69.5
Corporation tax liability		**1.4**	0.3
Financial instrument liability	20	**1.3**	–
Total current liabilities		**164.3**	158.4
Total liabilities		**223.4**	214.5
Net assets		**236.5**	204.6
Issued capital and reserves attributable to owners of the parent company			
Share capital	22	**0.1**	0.1
Share premium account	23	**160.7**	141.0
Merger reserve	23	**5.4**	5.4
Foreign exchange reserve	23	**0.4**	(0.2)
Retained earnings	23	**69.9**	58.3
Total equity		**236.5**	204.6

The notes on pages 50 to 81 form an integral part of the consolidated financial statements.

The financial statements on pages 46 to 81 were approved and authorised for issue by the Board of Directors on 27 September 2016 and were signed on its behalf by:



P GEORGE
Director



M ABELL
Director

Consolidated statement of cash flows

for the year ended 30 June 2016

(In £m)	Note	2016	2015
Cash flows from operating activities			
Profit for the year before tax		**15.9**	8.3
Adjustments for:			
Depreciation of property, plant and equipment	11	**0.8**	0.4
Amortisation of intangible fixed assets	12	**20.0**	7.1
Impairment of intangible fixed assets	12	**–**	3.4
Loss on disposal of non-current assets	11	**0.1**	1.3
Provision for restructuring costs	19	**0.8**	1.5
Fair value of derivatives		**1.3**	–
Release of fair value on acquired inventory	6	**4.6**	–
Share of profit of joint venture		**(0.4)**	–
Finance cost	7	**4.7**	0.9
Share-based payment expense	6	**1.8**	1.3
		49.6	24.2
Decrease/(increase) in trade and other receivables		**8.1**	(10.3)
Increase in inventories		**(2.1)**	(1.8)
(Decrease)/increase in trade and other payables		**(6.2)**	3.7
Cash generated from operations		**49.4**	15.8
Income taxes paid		**(3.7)**	(5.2)
Income taxes received		**–**	3.4
Interest paid		**(3.6)**	(0.9)
Net cash generated from operating activities		**42.1**	13.1
Investing activities			
Purchases of property, plant and equipment	11	**(1.3)**	(0.2)
Purchase of intangible fixed assets	12	**(6.7)**	(8.4)
Purchase of subsidiary net of cash acquired	28	**(22.4)**	(179.7)
Net cash used in investing activities		**(30.4)**	(188.3)
Financing activities			
Proceeds from issue of shares		**0.3**	132.4
Proceeds from loan	18	**27.6**	104.0
Loan repayments	18	**(36.1)**	(52.5)
Dividends paid	10	**(4.1)**	(2.6)
Net cash (used in)/generated from financing activities		**(12.3)**	181.3
Net (decrease)/increase in cash and cash equivalents		**(0.6)**	6.1
Cash and cash equivalents at beginning of year	16	**27.8**	21.8
Exchange gains / (losses)		**0.6**	(0.1)
Cash and cash equivalents at end of year	16	**27.8**	27.8

Consolidated statement of changes in equity

for the year ended 30 June 2016

(In £m)	Share capital	Share premium account	Merger reserve	Own shares	Foreign exchange reserve	Retained earnings	Total equity
At 1 July 2014	0.1	8.6	5.4	(0.3)	(0.1)	52.6	66.3
Profit for the period	–	–	–	–	–	5.7	5.7
Other comprehensive income	–	–	–	–	(0.1)	–	(0.1)
Total comprehensive income	–	–	–	–	(0.1)	5.7	5.6
Share based payment scheme	–	–	–	–	–	1.3	1.3
Deferred taxation on share based payment scheme	–	–	–	–	–	1.3	1.3
Tax credit in respect of tax losses arising on exercise of share options	–	–	–	–	–	0.3	0.3
Issue of new shares	–	132.4	–	–	–	–	132.4
Own shares distributed on exercise of share options	–	–	–	0.3	–	(0.3)	–
Dividend paid (note 10)	–	–	–	–	–	(2.6)	(2.6)
Total contributions by and distributions to owners of the parent, recognised directly in equity	–	132.4	–	0.3	–	–	132.7
At 30 June 2015	**0.1**	**141.0**	**5.4**	**–**	**(0.2)**	**58.3**	**204.6**

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

Notes forming part of the consolidated financial statements
for the year ended 30 June 2016

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

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

The financial statements for the year ended 30 June 2015 have been restated to reflect adjustments to the fair values of the assets and liabilities acquired in Idis. The provisional fair values have been reviewed by the directors during the current year. This review resulted in a reduction in the fair value of the computer software, an increase in the fair value of trade receivables, corresponding adjustments to deferred taxation and an decrease in goodwill. Additional detail is disclosed in note 28.

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

GOING CONCERN
The Group's strategy and forecasts, taking account of sensitivities within the trading projections and possible changes in trading performance, show that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group has further funds available in the undrawn proportion of the bank facility, which combined with the Group's cash balance and positive cash generation from each of its operations provides funding for future acquisitions in line with the Group's acquisitional growth strategy. The Group therefore continues to adopt the going concern basis in preparing its consolidated financial statements. Further information on the Group's borrowing facilities is given in note 18.

PRESENTATION OF FINANCIAL STATEMENTS IN ACCORDANCE WITH IAS 1 (AS AMENDED 2012)
The financial statements are presented in accordance with IAS 1 'Presentation of Financial Statements' (as amended 2012). The Group has elected to present the 'Statement of comprehensive income' in one statement.

CHANGES IN ACCOUNTING POLICIES
(a) New and amended standards, interpretations and amendments adopted by the Group:
The following new or recent standards, interpretations and amendments to standards have been adopted by the Group where appropriate or applicable to the Group for the financial year beginning 1 July 2015:

- There were no new standards, interpretations or amendments to standards that are effective to the Group for the financial year beginning 1 July 2015 that have a material impact

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

- Accounting for acquisitions of interests in joint operations (Amendments to IFRS 11) – effective for annual periods beginning on or after 1 January 2016.
- Clarification of acceptable methods of depreciation and amortisation (Amendments to IAS 16 and IAS 38) – effective for annual periods beginning on or after 1 January 2016.
- Equity method in separate financial statements (Amendments to IAS 27) – effective for annual periods beginning on or after 1 January 2016.
- Disclosure initiative (amendments to IAS 1) – effective for annual periods beginning on or after 1 January 2016.
- Investment entities – applying the consolidation exception (Amendments to IFRS 10, IFRS 12 and IAS 28) – effective for annual periods beginning on or after 1 January 2016.

In addition to the above, amendments to a number of standards under the annual improvements project to IFRS have been endorsed by the EU but not yet adopted.

None of these new standards or amendments are expected to have a material impact on the Group's financial statements.

BASIS OF CONSOLIDATION

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

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

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. The Group's share of post-acquisition profit or loss is recognised in the consolidated statement of comprehensive income with a corresponding adjustment to the carrying value amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate. The Group determines, at each reporting date, whether there is any objective evidence that the investment in associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to "share of profit or loss of investment" in the consolidated statement of comprehensive income.

Under IFRS 11 'Joint Arrangements', investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

Intercompany transactions and balances are eliminated on consolidation.

BUSINESS COMBINATIONS

The Group uses the acquisition method to account for business combinations of entities not under common control. The consideration transferred for the acquisition of a subsidiary is equal to the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

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

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

FOREIGN CURRENCY

(a) Functional and presentation currency

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

(b) Transactions and balances

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

(c) Group companies

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

a) assets and liabilities for each balance sheet presented are translated at the closing rate on the date of that balance sheet;
b) income and expenses for each income statement are translated at average exchange rates for the financial period which is being included in the consolidated statement of comprehensive income; and
c) all resulting exchange differences are recognised in other comprehensive income and accumulated in the foreign exchange reserve.

1. ACCOUNTING POLICIES 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 would be 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 Executive Directors.

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

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

SHARE-BASED PAYMENTS

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

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.

a) Share-based payments are classified as non-underlying due to their significance and in order to provide the reader of the consolidated financial statements with a consistent view of the underlying costs of the operating Group.
b) One-off items relating to acquisitions e.g. acquisition costs and the costs of restructuring post-acquisition are shown as non-underlying items.
c) Amortisation of intangible fixed assets acquired as part of business combinations, the unwind of discounts in contingent consideration and the release of the fair value of inventory acquired through a business combination are shown as non-underlying items in order to give a *clear view of the underlying results of the business.*
d) The impairment of intangible assets and contractual costs incurred after the impairment are shown as non-underlying costs as these relate to the cessation of development activity on one product and as such do not represent normal trade activities.

PROPERTY, PLANT AND EQUIPMENT

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

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

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

INTANGIBLE ASSETS

Goodwill

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

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

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

Goodwill is not amortised. Goodwill is assessed for impairment annually or more frequently if events or changes indicate a potential impairment. Goodwill arising on business combinations is allocated on the basis of contribution to gross profit of the associated CGUs. This is then assessed against the discounted cash flows of the CGUs for impairment.

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

Contracts
The contracts relate to key supplier contracts which were identified, on the business combination, as important to the trade of the acquired business. The supply of product on a contractual and often exclusive basis is a key value driver of the business and in the decision to acquire the business.

The contracts have been initially recognised at the fair value of the asset at the acquisition date. The assets are subsequently recognised at initial fair value less accumulated amortisation.

Amortisation is scheduled to follow the expected economic benefits, recognising the fair value cost of acquiring these contracts against the revenues generated from them. This is normally on a straight line basis over the term of the contract, except for managed access programs which, due to their nature, have a short period of economic benefit i.e. until the product is licenced and becomes commercially available. The economic benefits from managed access program contracts are weighted to the early stages of the contract.

The amortisation expense is recognised within administrative expenses in the consolidated statement of comprehensive income as an adjustment item.

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

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

- Customer relationships – Link • between six and nine years
- Customer relationships – CTS • seven years
- Customer relationships – GA • between seven years and 14 years

The amortisation expense is recognised within administrative expenses in the consolidated statement of comprehensive income as an adjustment item.

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

The carrying value of trademarks and licences is calculated as cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of the trademarks and licences over their estimated useful lives of between seven and 15 years.

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

1. ACCOUNTING POLICIES CONTINUED

Computer software

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

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

Impairment reviews

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

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

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

INVESTMENTS

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

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

INVENTORIES

Inventories are initially recognised at cost and subsequently stated at the lower of cost and net realisable value. Individual units of drugs cannot be interchanged as they are determined by the customer's requirements for product name, dosage strength, pack size, batch number and expiry date. In accordance with IAS 2 'Inventories' paragraph 23, items are recorded at their individual cost. To minimise obsolescence, cost is selected using first expiry, first out method. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price less applicable variable selling expenses. Provisions are made for slow moving and damaged inventories. Inventories which have expired are fully provided for until they are destroyed, when they are written off.

A number of arrangements exist where the Group holds inventories on consignment. This is not recognised in the inventories of the Group until the risks and rewards of ownership are transferred.

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

Derivative financial instruments are recognised initially at their fair value and re-measured at fair value at each period end. The gain or loss on re-measurement to fair value is recognised immediately in the consolidated statement of comprehensive income. The Group has not applied hedge accounting. Foreign forward exchange derivative gains and losses are recognised net.

TRADE AND OTHER RECEIVABLES

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

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net; such provisions are recorded in a separate allowance account with the movement in the provision being recognised within administrative expenses in the 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.

CASH AND CASH EQUIVALENTS

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

BORROWINGS
Borrowings are initially recognised at fair value net of transaction costs, including facility fees incurred. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the consolidated statement of financial position. Facility fees paid on the establishment of facilities and for the maintenance of the facility are capitalised against the loans and borrowings balance. These are amortised as the loan is repaid with the associated amortisation expense recognised in finance costs.

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

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

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

They are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

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

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

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

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

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

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

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

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

1. ACCOUNTING POLICIES CONTINUED
Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the differences can be utilised.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(B) IMPAIRMENT OF GOODWILL
The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 1. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the choice of a discount rate in order to calculate the present value of the cash flows. Actual outcomes may vary. More information including carrying values is included in note 12.

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

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

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

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

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

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

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

3. SEGMENT INFORMATION
The Group has five main reportable segments, being the Group's operating businesses:

Clinigen Clinical Trial Services ('CTS') sources commercial medical products for use in clinical studies, including comparator drugs, adjuvant drugs and rescue therapies. This operating business accounts for the largest proportion of the Group's revenue, generating 40% (2015: 61%) of its external revenues.

Idis Managed Access ('MA') specialises in the consultancy, development, management and implementation of managed access programs for biotechnology and pharmaceutical companies. The operating business contributed 30% (2015: 16%) of the Group's external revenues.

Idis Global Access ('GA') provides high quality ethical access to post approval and short-supply medicines, in regions where patients have low or non-existent access to these often essential drugs. In FY16, it contributed 12% (2015: 5%) to the Group's external revenues; this operating business was acquired as part of Idis and hence, the 2015 revenue and gross profit figure represent two months of trading.

Clinigen Specialty Pharmaceuticals ('SP') manufactures and distributes its own and in-licensed specialist, hospital-only medicines worldwide and contributed 11% (2015: 18%) of the Group's external revenues.

Link Healthcare specialises in distribution of pharmaceutical products in South Africa and the APAC region. Although there is some overlap with the nature of products and services supplied by MA, GA and SP, the geographical location and specialised regulatory experience required

3. SEGMENT INFORMATION CONTINUED

in these areas determines the separate management of this operating business. In FY16, it contributed 7% to the Group's external revenues; this operating business was acquired in October 2015 and is new to the Group. The revenue and gross profit figures represent the eight months of trading since acquisition.

FACTORS THAT MANAGEMENT USED TO IDENTIFY THE GROUP'S REPORTABLE SEGMENTS

The Group's reportable segments are strategic operating business units that provide different products and service offerings into different market environments. They are managed separately because each operational business requires different expertise to deliver the different product or service offering they provide.

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

MEASUREMENT OF OPERATING SEGMENT PROFIT OR LOSS, ASSETS AND LIABILITIES

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

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

CLASSES OF BUSINESS

(In £m)	2016	2015
Revenue arises from:		
Clinical Trial Services	**137.9**	112.7
Managed Access	**100.8**	28.8
Global Access	**39.6**	9.2
Specialty Pharmaceuticals	**37.1**	33.7
Link Healthcare	**24.5**	–
	339.9	184.4
Gross profit arises from:		
Clinical Trial Services	**19.7**	13.5
Managed Access	**26.5**	8.3
Global Access	**13.8**	2.8
Specialty Pharmaceuticals	**31.9**	29.1
Link Healthcare	**8.8**	–
	100.7	53.7
Adjustment for fair value of acquired stock sold in period	**(4.6)**	–
Gross profit	**96.1**	(53.7)
Administrative expenses relating to underlying operations	**(51.1)**	(26.7)
Administrative expenses relating to non-underlying operations (note 6)	**(15.5)**	(6.0)
Costs of restructuring	**(5.6)**	(3.8)
Share-based payment expense	**(1.8)**	(1.3)
Social security costs in respect of share-based payments	**(0.5)**	(1.0)
Acquisition costs	**(1.4)**	(5.7)
Finance costs	**(4.7)**	(0.9)
Share of profit of joint venture	**0.4**	–
Profit before tax	**15.9**	8.3

	2016	2015
Breakdown of revenues by products and services:		
Products	**304.2**	168.8
Services	**31.4**	12.1
Royalties	**4.3**	3.5
	339.9	184.4

GEOGRAPHICAL ANALYSIS

(In £m)	2016	2015
Revenue arises from the following locations:		
UK	**52.1**	26.6
Europe	**138.5**	57.8
USA	**100.1**	77.7
Rest of World	**49.2**	22.3
	339.9	184.4
Gross profit arises from the following locations:		
UK	**19.3**	8.8
Germany	**5.1**	5.6
France	**7.6**	6.1
Rest of Europe	**26.2**	12.5
USA	**29.3**	17.1
Rest of World	**13.2**	3.6
	100.7	53.7
Analysis of concentration of customers (based on customers contributing at least 10% of revenue):		
Customer A – Clinical Trial Services	**–**	28.1
Other	**339.9**	156.3
	339.9	184.4

Earnings before interest, taxation, depreciation and amortisation ('EBITDA') is calculated as:

	2016			2015		
(In £m)	Underlying	Non-underlying	Total	Underlying	Non-underlying	Total
Revenue	**339.9**	**–**	**339.9**	184.4	–	184.4
Cost of sales	**(239.2)**	**(4.6)**	**(243.8)**	(130.7)	–	(130.7)
Gross profit	**100.7**	**(4.6)**	**96.1**	53.7	–	53.7
Administrative expenses excluding depreciation and amortisation (notes 11 and 12)	**(45.3)**	**(9.8)**	**(55.1)**	(21.4)	(10.9)	(32.3)
EBITDA	**55.4**	**(14.4)**	**41.0**	32.3	(10.9)	21.4

4. PROFIT/(LOSS) FROM OPERATIONS

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

(In £m)	2016	2015
Staff costs	**28.0**	12.5
Amortisation of intangible fixed assets	**20.0**	7.1
Impairment of intangible fixed assets	**–**	3.4
Depreciation	**0.8**	0.3
Impairment of tangible fixed assets	**–**	0.1
Loss on disposal of non-current assets	**0.1**	1.3
Operating lease rentals – land and buildings	**1.6**	0.5
Difference on foreign exchange	**(1.7)**	0.8
Auditors' remuneration		
Fees payable to the Company's auditors for the audit of the parent company and consolidated financial statements	**0.2**	0.2
Fees payable to the Company's auditors for other services:		
– The audit of the Company's subsidiaries	**0.2**	0.1
– Other advisory services	**0.1**	–
– Tax advisory services	**–**	0.1

Included in staff costs are share-based payments of £1.8m (2015: £1.3m), or £2.3m (2015: £2.3m), including social security costs.

Notes forming part of the consolidated financial statements
continued
for the year ended 30 June 2016

5. STAFF COSTS

(In £m)	2016	2015
Staff costs (including Directors) comprise:		
Wages and salaries	**23.0**	8.8
Share-based payments	**1.8**	1.3
Social security costs	**2.4**	2.1
Other pension costs	**0.8**	0.3
	28.0	12.5

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

Number	2016	2015
Directors	**3**	3
Staff	**462**	152
	465	155

DIRECTORS' EMOLUMENTS
Details of the remuneration, shareholdings, share options and pension contributions of the Executive Directors are included in the Remuneration Report on pages 40 to 41.

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

(In £m)	2016	2015
Directors' remuneration included in staff costs:		
Wages and salaries	**1.6**	1.4
Defined contribution pension cost	**0.1**	0.1
Share-based payment expense	**0.6**	0.6
	2.3	2.1

6. NON-UNDERLYING ITEMS
The reconciling items between the adjusted profit used for calculating adjusted basic and diluted adjusted EPS and the reported profit are:

(In £m)	2016	2015
Adjusted profit used in calculating basic and diluted Adjusted EPS	**39.7**	24.4
Amortisation of intangible fixed assets included in underlying administrative expenses	**(5.0)**	(5.0)
Credit in respect of tax on amortisation costs	**1.0**	1.0
Underlying profit after tax in Income Statement	**35.7**	20.4
Non-underlying items (see below)	**(22.2)**	(14.7)
Reported profit	**13.5**	5.7

The adjustment items have been split out in order to give the reader of the financial statements a better understanding of the operations of the Group. These items relate to share based payment items, amortisation and non-underlying items which are one off in nature.

(In £m)	2016	2015
a) Adjustment for fair value of acquired stock sold in the period	**4.6**	–
b) Share based payment costs	**2.3**	2.3
b) Credit in respect of deferred tax on share based payments	**(0.3)**	(0.2)
c) Acquisition costs	**1.4**	5.7
d) Restructuring costs	**5.6**	3.9
e) Impairment of intangible fixed assets	**0.5**	3.8
f) Amortisation of intangible fixed assets acquired through business combinations	**15.0**	2.1
g) Finance cost: unwind of discount	**0.7**	–
h) Credit in respect of tax on non-underlying costs	**(4.9)**	(2.9)
i) Credit in respect of rate differences on deferred tax	**(1.4)**	–
j) Corporation tax adjustments in respect of prior year	**(1.3)**	–
	22.2	14.7

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

b) The share based payment costs are made up of the share based payment charge of £1.8m (2015: £1.3m) and related social security costs of £0.5m (2015: £1.0m). The share based payment costs and the related tax credit in respect of the share based payment charge of £0.3m (2015: £0.2m) are reclassified to non-underlying due to their significance and in order to provide the reader of the consolidated financial statements with a consistent view of the costs of the Group.

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

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

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

f) The amortisation of intangible assets acquired as part of the business combination with Idis and Link, (namely Brand, trade names, customer relationships and contracts) are reclassified to adjustments due to their significance and to provide the reader with a consistent view of the underlying costs of the operating Group.

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

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

i) The reduction in corporation tax rate to 19% and 18% from 1 April 2017 and 1 April 2020, respectively, reduces the deferred tax balances expected to unwind in the future creating a credit to the income statement of £1.4m. The credit is recognised in non-underlying items as the associated deferred tax balances relate to share based payments and the fair value of acquired intangible assets.

j) In the prior year, the final corporation tax computations took account of allowable non-underlying items on which the tax effect had not been recognised in the consolidated income statement. The credit has been recognised as non-underlying in line with the associated cost in the prior year.

7. FINANCE COST

(In £m)	2016	2015
Bank interest	**3.2**	0.7
Other loan interest	**–**	0.2
Borrowings costs	**0.3**	–
Amortisation of facility issue costs	**0.4**	–
Deferred consideration: unwind of discount	**0.1**	–
Underlying finance cost	**4.0**	0.9
Unwind of discount on contingent consideration	**0.7**	–
Total finance cost	**4.7**	0.9

Notes forming part of the consolidated financial statements
continued
for the year ended 30 June 2016

8. INCOME TAX

(In £m)	2016	2015
Current tax expense		
Current tax on profits of the year	**8.4**	2.8
Adjustment in respect of prior years	**(1.3)**	0.4
Total current tax expense	**7.1**	3.2
Deferred tax expense		
Decrease/(increase) in deferred tax assets (note 21)	**0.1**	(0.2)
Decrease in deferred tax liability (note 21)	**(4.8)**	(0.4)
Total deferred tax benefit	**(4.7)**	(0.6)
Income tax expense	**2.4**	2.6

All income tax is attributable to continuing operations.

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

(In £m)	2016	2015
Profit before tax	**15.9**	8.3
Expected tax charge based on corporation tax rate of 20.0% (2015: 20.75%)	**3.2**	1.7
Expenses not deductible for tax purposes other than goodwill amortisation and impairment	**0.5**	0.3
Adjustments to tax charge in respect of prior years	**(1.3)**	0.4
Higher rates of taxes on overseas earnings	**0.9**	0.3
Loss arising in year for which no deferred income tax is recognised	**0.3**	0.2
Rate differences	**(1.2)**	(0.3)
Total tax expense	**2.4**	2.6

In the current year management have reassessed the presentation of the tax reconciliation and as such have reclassified the prior year comparatives.

Amounts recognised directly in equity:
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss or other comprehensive income but directly debited or (credited) to equity:

(In £m)	2016	2015
Deferred tax: unexercised share options and losses arising not allowable in statement of comprehensive income	**(0.4)**	(1.4)
Adjustment in respect of prior years	**–**	(0.3)
	(0.4)	(1.7)

Tax losses:

(In £m)	2016	2015
Unused tax losses for which no deferred tax asset has been recognised	**2.0**	1.1
Potential tax benefit @ 38%	**0.8**	0.4

The unused tax losses were incurred in the US subsidiary, Idis Inc prior to the acquisition into the Group. Due to the company being loss making, taxable income is not likely to arise in the foreseeable future.

A change to the UK corporation tax rate was announced in the Chancellor's Budget on 16 March 2016. The change announced is to reduce the main rate to 17% from 1 April 2020. Changes to reduce the UK corporation tax rate to 19% from 1 April 2017 and to 18% from 1 April 2020 had already been substantively enacted on 26 October 2015. As the change to 17% had not been substantively enacted at the balance sheet date its effects are not included in these financial statements. The overall effect of that change, if it had applied to the deferred tax balance at the balance sheet date, would be to reduce the deferred tax asset and liability by an additional £0.2m and £0.7m respectively. The decrease to the tax expense for the period would have been £0.5m.

9. EARNINGS PER SHARE ('EPS')

(In £m)	2016	2015
Reported profit used in calculating basic and diluted EPS	**13.5**	5.7
Number of shares (million)		
Weighted average number of shares	**113.1**	87.2
Dilution effect of share options	**1.3**	2.6
Weighted average number of shares used for diluted EPS	**114.4**	89.8
Reported EPS		
Basic	**11.9p**	6.5p
Diluted	**11.8p**	6.3p

The adjusted EPS, based on the following earnings figure for the year and weighted average number of shares of 113,084,261 is 35.0p (2015: 28.0p).

(In £m)	2016	2015
Underlying profit after tax	**35.7**	20.4
Add back of amortisation	**5.0**	5.0
Less tax associated with amortisation	**(1.0)**	(1.0)
Adjusted underlying earnings used in calculating basic and diluted adjusted EPS	**39.7**	24.4

	2016	2015
Number of shares (million)		
Weighted average number of shares	**113.1**	87.2
Dilution effect of share options	**1.3**	2.6
Weighted average number of shares used for diluted EPS	**114.4**	89.8
Adjusted EPS		
Basic	**35.0p**	28.0p
Diluted	**34.6p**	27.2p

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

Diluted EPS takes account of the weighted average number of outstanding share options being 1,312,942 (2015: 2,621,694).

10. DIVIDENDS

(In £m)	2016	2015
Final dividend in respect of the year ended 30 June 2015 of 2.3p (2015: 2.1p) per Ordinary Share	**2.6**	1.7
Interim dividend of 1.3p (2015: 1.1p) per Ordinary Share paid during the year	**1.5**	0.9
	4.1	2.6

The Board proposes to pay a final dividend of 2.7p per Ordinary Share, subject to approval at the AGM on 11 November 2016.

11. PROPERTY, PLANT AND EQUIPMENT

(In £m)	Leasehold improvement	Plant and machinery	Fixtures, fittings and equipment	Total
Cost				
At 1 July 2014	0.6	–	0.7	1.3
Acquisition of subsidiary	0.3	–	0.6	0.9
Additions	0.1	–	0.1	0.2
At 30 June 2015	1.0	–	1.4	2.4
Accumulated depreciation				
At 1 July 2014	–	–	0.4	0.4
Charge for the year	0.1	–	0.2	0.3
Impairment	0.1	–	–	0.1
At 30 June 2015	0.2	–	0.6	0.8
Net book value				
At 30 June 2015	0.8	–	0.8	1.6
Cost				
At 1 July 2015	1.0	–	1.4	2.4
Acquisition of subsidiary	0.3	0.1	0.2	0.6
Additions	0.7	0.1	0.5	1.3
Disposals	(0.2)	–	(0.1)	(0.3)
Exchange differences	0.1	–	0.1	0.2
At 30 June 2016	**1.9**	**0.2**	**2.1**	**4.2**
Accumulated depreciation				
At 1 July 2015	0.2	–	0.6	0.8
Charge for the year	0.2	–	0.6	0.8
On disposals	(0.1)	–	(0.1)	(0.2)
Exchange differences	–	–	0.1	0.1
At 30 June 2016	**0.3**	**–**	**1.2**	**1.5**
Net book value				
At 30 June 2016	**1.6**	**0.2**	**0.9**	**2.7**

12. INTANGIBLE ASSETS

(In £m)	Brand	Contracts	Customer relationships	Trademarks and licences	Computer software	Goodwill (restated)	Total (restated)
Cost							
At 1 July 2014	–	–	–	48.3	1.2	8.7	58.2
Acquisition of subsidiary (note 28)	49.4	17.7	43.0	–	1.0	144.2	255.3
Additions	–	–	–	7.5	1.0	–	8.5
Disposals	–	–	–	–	(1.3)	–	(1.3)
At 30 June 2015	49.4	17.7	43.0	55.8	1.9	152.9	320.7
Accumulated amortisation							
At 1 July 2014	–	–	–	7.6	0.1	–	7.7
Charge for the year	0.4	1.0	0.7	4.3	0.7	–	7.1
Impairment charge	–	–	–	3.4	–	–	3.4
At 30 June 2015	0.4	1.0	0.7	15.3	0.8	–	18.2
Net book value							
At 30 June 2015	49.0	16.7	42.3	40.5	1.1	152.9	302.5
Cost							
At 1 July 2015	49.4	17.7	43.0	55.8	1.9	152.9	320.7
Acquisition of subsidiary (note 28)	4.7	9.3	2.2	0.7	0.2	22.7	39.8
Additions	–	–	–	10.7	0.7	–	11.4
At 30 June 2016	**54.1**	**27.0**	**45.2**	**67.2**	**2.8**	**175.6**	**371.9**
Accumulated amortisation							
At 1 July 2015	0.4	1.0	0.7	15.3	0.8	–	18.2
Charge for the year	2.7	7.9	4.4	4.3	0.7	–	20.0
At 30 June 2016	**3.1**	**8.9**	**5.1**	**19.6**	**1.5**	**–**	**38.2**
Net book value							
At 30 June 2016	**51.0**	**18.1**	**40.1**	**47.6**	**1.3**	**175.6**	**333.7**

On 30 October 2015, Clinigen Group plc acquired the share capital of Link Healthcare Private Limited, a company incorporated in Singapore, and its subsidiaries in Singapore, South Africa, Australia, New Zealand, Japan, Malaysia and Hong Kong. On 29 April 2015, Clinigen Group plc acquired Idis Group Holdings Limited, a company incorporated in the United Kingdom, and its subsidiaries in the United Kingdom and United States of America. For both business combinations, brands, supplier contracts and Customer relationships were identified as separable intangible assets.

BRAND

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

Idis	– 18 years 10 months
Link	– 19 years 4 months
Equity	– 14 years 4 months
Homemed	– 9 years 4 months

12. INTANGIBLE ASSETS CONTINUED

CONTRACTS

Contracts acquired with the Idis business combination related to client contracts within the Idis Managed Access business fair valued at the acquisition date based on the discounted value of future cash flows. These contracts are with large pharma businesses and provide for Idis to manage the access programs on behalf of large pharma business. The remaining amortisation period is three years ten months.

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

CUSTOMER RELATIONSHIPS

The nature of the acquired businesses is that there are no contracts with customers. However there are long standing relationships with significant repeat business. These relationships have been fair valued at the acquisition date using a discounted valuation of future cash flows. The customer relationships for each area of the business are being amortised over different useful economic lives (see note 1). The remaining amortisation periods range from six years four months to 13 years ten months.

TRADEMARKS AND LICENCES

On 1 March 2016, Clinigen Group plc acquired the intellectual property for the product Totect. This consisted of the patents, trademarks, New Drug Application (NDA) with the US Food & Drug Administration and the manufacturing dossier. The cost of the addition recognised is the purchase price plus the directly attributable costs incurred as a result of the acquisition, the costs of transferring the patents, trademarks and licences incurred to date.

On 29 April 2016, Clinigen Group plc extended the Foscavir asset by acquiring the exclusive global rights to a new bag presentation for the product. The payment for the product extension is spread over three years to align cash outflows with the expected achievement of marketing authorisations for the new product presentation. The acquired asset has been recognised at the initial consideration plus the fair value of the deferred consideration. Future costs expected to be incurred in developing this product and obtaining the market authorisations will be recognised as incurred.

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

COMPUTER SOFTWARE

The Group's software has been fully written down in the prior year. The Group is undertaking the development and implementation of a new Oracle system, the costs for which will be recognised as incurred. The amortisation of the new system will commence when the system is implemented and in operation by the business.

GOODWILL (RESTATED)

The goodwill is deemed to have an indefinite useful life. It is currently carried at cost and is reviewed annually for impairment. The goodwill relating to Idis, acquired in April 2015, has been restated following the revision of the fair value of trade receivables and computer software acquired. The revised fair values are discussed in note 28, Business Combinations.

The goodwill relates to four operating businesses CTS, GA, MA and Link. The addition in the year of £22.7m relates to goodwill arising on the acquisition of Link Healthcare Private Limited. This goodwill relates solely to the Link operating business acquired.

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

2016 (In £m)	Opening (restated)	Addition	Total
CTS	33.6	–	33.6
MA	109.0	–	109.0
GA	10.3	–	10.3
Link	–	22.7	22.7
Total	152.9	22.7	175.6

2015 (In £m)	Opening	Addition (restated)	Total (restated)
CTS	8.7	24.9	33.6
MA	–	109.0	109.0
GA	–	10.3	10.3
Total	8.7	144.2	152.9

The recoverable amounts in 2016 were measured based on post-tax value in use (2015: based on post-tax value in use). This methodology is considered reasonable given the significant levels of headroom noted from this assessment. The pre-tax discount rate has been calculated as being 11.0%.

CTS

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

Valuation basis	Value in use	
Key assumptions	Sales growth	0% per annum
	Profit margins	16.5%
	Discount rate	8.8%
	Terminal growth rate	1.8%
Determination of assumptions	Detailed forecasts for the next three years have been used which are based on approved annual budgets and strategic projections representing the best estimate of future performance. Margins are based on past experience and cost estimates. Discount rate is based on weighted average cost of capital, and is a post-tax rate of 8.8%.	

If any one of the following changes were made to the assumptions, the carrying amount and recoverable amount would be equal. These have been calculated based on sensitivity analysis for each category listed.

Valuation basis	Value in use
Terminal growth rate	A reduction from 1.8% to (32.4)%
Discount rate	Increase from 8.8% to 25.3%

MA

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

Valuation basis	Value in use	
Key assumptions	Sales growth	13.7% per annum
	Profit margins	30%
	Discount rate	8.8%
	Terminal growth rate	1.8%
Determination of assumptions	Detailed forecasts for the next three years have been used which are based on approved annual budgets and strategic projections representing the best estimate of future performance. Margins are based on past experience and cost estimates. Discount rate is based on weighted average cost of capital, and is a post-tax rate of 8.8%.	

If any one of the following changes were made to the assumptions, the carrying amount and recoverable amount would be equal. These have been calculated based on sensitivity analysis for each category listed.

Valuation basis	Value in use
Terminal growth rate	A reduction from 1.8% to (3.9)%
Discount rate	Increase from 8.8% to 13.1%

12. INTANGIBLE ASSETS CONTINUED

GA

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

Valuation basis	Value in use	
Key assumptions	Sales growth	(6.5)% per annum
	Profit margins	42.5%
	Discount rate	8.8%
	Terminal growth rate	0.7%
Determination of assumptions]	Detailed forecasts for the next three years have been used which are based on approved annual budgets and strategic projections representing the best estimate of future performance. Margins are based on past experience and cost estimates. Discount rate is based on weighted average cost of capital, and is a post-tax rate of 8.8%.	

If any one of the following changes were made to the assumptions, the carrying amount and recoverable amount would be equal. These have been calculated based on sensitivity analysis for each category listed.

Valuation basis	Value in use
Terminal growth rate	A reduction from 0.7% to (1.4)%
Discount rate	Increase from 8.8% to 10.5%

LINK

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

Valuation basis	Value in use	
Key assumptions	Sales growth	3.5% per annum
	Profit margins	35%
	Discount rate	8.8%
	Terminal growth rate	1.8%
Determination of assumptions	Detailed forecasts for the next three years have been used which are based on approved annual budgets and strategic projections representing the best estimate of future performance. Margins are based on past experience and cost estimates. Discount rate is based on weighted average cost of capital, and is a post-tax rate of 8.8%.	

If any one of the following changes were made to the assumptions, the carrying amount and recoverable amount would be equal. These have been calculated based on sensitivity analysis for each category listed.

Valuation basis	Value in use
Terminal growth rate	A reduction from 1.8% to (7.4)%
Discount rate	Increase from 8.8% to 15.3%

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

13. INVESTMENTS

SUBSIDIARIES

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

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

Name	Country of incorporation	Nature of business
Clinigen Healthcare Limited	United Kingdom	Sales and distribution of pharmaceutical products
Clinigen Clinical Trials Limited	United Kingdom	Holding company
Clinigen CTS Limited	United Kingdom	Sales and distribution of pharmaceutical products
Clinigen CTS Inc.	USA	Sales and distribution of pharmaceutical products
Idis Group Holdings Limited	United Kingdom	Holding company
Idis Group Limited	United Kingdom	Holding company
Idis Limited	United Kingdom	Sales and distribution of pharmaceutical products
Idis Inc	USA	Provision of business development services
Clinigen Asia Pte Limited	Singapore	Holding company
Link Healthcare Singapore Pte Limited	Singapore	Sales and distribution of pharmaceutical products
Link Healthcare KK	Japan	Sales and distribution of pharmaceutical products
Clinigen KK	Japan	Sales and distribution of pharmaceutical products
Link Healthcare SDN BHD	Malaysia	Sales and distribution of pharmaceutical products
Link Healthcare Hong Kong Limited	Hong Kong	Sales and distribution of pharmaceutical products
Link Healthcare Pty Limited	Australia	Holding company
Link Medical Products Pty Limited	Australia	Sales and distribution of pharmaceutical products
Link Pharmaceuticals Limited	New Zealand	Sales and distribution of pharmaceutical products
Link Healthcare Pty Limited	South Africa	Holding company
Homemed Pty Limited	South Africa	Sales and distribution of pharmaceutical products
Equity Pharmaceuticals Pty Limited	South Africa	Sales and distribution of pharmaceutical products
Equity Medical Technologies Pty Limited	South Africa	Sales and distribution of pharmaceutical products
Equipharm Specialised Distribution Pty Limited	South Africa	Sales and distribution of pharmaceutical products
Plurilinx (Pty) Limited	South Africa	Dormant
Chloromix (Pty) Limited	South Africa	Dormant
PMIP Pty Limited	Australia	Dormant
Link Holding 1 Pty Limited	Australia	Dormant
Link Holding 2 Pty Limited	Australia	Dormant
Idis MA Limited	United Kingdom	Dormant
Idis GA Limited	United Kingdom	Dormant
Clinigen GAP Inc	USA	Dormant
Idis Trustee (UK) Limited	United Kingdom	Non trading trustee of Employee Benefit Trust
Employee Benefit Trust 1	Jersey	Employee Benefit Trust
Employee Benefit Trust 2	Jersey	Employee Benefit Trust
Clinigen GAP Limited	United Kingdom	Dormant
Clinigen SP Limited	United Kingdom	Dormant
Idis Pharma Private Limited	India	Dormant
Keats Healthcare Limited	United Kingdom	Dormant
Clinigen Pharma Limited	United Kingdom	Dormant

All shareholdings in subsidiaries are owned 100% (2015: 100%) through the subsidiaries' ordinary share capital.

13. INVESTMENTS CONTINUED

JOINT VENTURES

Set out below are the joint ventures of the Group as at 30 June 2016. These were acquired as part of the acquisition of Link Healthcare group. The Group had no joint ventures in the prior year. The joint ventures as listed below have share capital consisting solely of ordinary shares, 50% of which are held directly by the Group. The country of incorporation is also their principal place of business.

Name	Year end	Country of incorporation	Measurement method
Novagen Pharma Pty Limited	31 March	South Africa	Equity
Medical Stockings Pty Limited	30 June	Australia	Equity

As at 30 June 2016, the carrying value of the investment in Novagen was £7.4m reflecting the fair value of the investment at the acquisition date of £7.0m plus £0.4m being the 50% share of the total profit of £0.8m in the year. Medical Stockings Pty Limited is held at £nil.

14. INVENTORIES

(In £m)	**2016**	2015
Raw materials and consumables	**2.8**	0.7
Work in progress	**1.1**	0.2
Finished goods and goods for resale	**12.1**	10.2
	16.0	11.1

Inventory acquired, in October 2015, as part of the acquisition of Link has been fair valued at the acquisition date. The fair valuation resulted in an uplift of the carrying value of inventories of £1.7m.

In April 2015, the inventory held by Idis Limited was fair valued on acquisition of the company by the group. At 30 June 2016, finished goods include an amount of £1.4m (2015: £6.8m) carried at fair value less costs to sell.

The cost of inventories recognised as an expense and included in cost of sales amounted to £236.9m (2015: £127.3m).

15. TRADE AND OTHER RECEIVABLES

(In £m)	**2016**	2015 (restated)
Trade receivables	**62.8**	56.3
Less: provision for impairment of trade receivables	**(5.2)**	(4.9)
Trade receivables – net	**57.6**	51.4
Prepayments and accrued income	**7.0**	11.9
Payments made on account	**1.4**	6.1
Other receivables	**2.8**	1.7
Total trade and other receivables	**68.8**	71.1

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

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

(In £m)	
At 1 July 2015 (restated)	4.9
Released to the Consolidated income statement	(1.4)
Charged to the Consolidated income statement	1.7
	5.2

The provision recognised on acquisition of Link, in April 2015, of £8.9m has been reviewed and restated to reflect cash received during the year following the acquisition. The restated opening provision of £4.9 represents the ageing of the trade receivables acquired and the potential risk of default on those balances.

As at 30 June 2016 trade receivables of £23.0m (2015: £15.1m) were past due but not impaired, of which, £16.9m was received after the year end.

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

(In £m)	2016	2015
Up to three months	**17.9**	13.5
Three to six months	**3.4**	1.6
More than six months	**1.7**	–
	23.0	15.1

16. CASH AND CASH EQUIVALENTS

(In £m)	2016	2015
Cash at bank and in hand	**27.8**	27.8
	27.8	27.8

Due to the short-term nature of cash at bank and short-term deposits, and as the credit risk has been adjusted for where required, the carrying value approximates to their value. The credit risk of the banks was very low and therefore the carrying amount has not been adjusted; their credit ratings were RBS: BBB+, HSBC: AA-, ABSA BBB and JP Morgan A+.

17. TRADE AND OTHER PAYABLES

Non-current liability (In £m)	2016	2015
Deferred consideration	**2.5**	–
Contingent consideration	**8.5**	–
	11.0	–

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

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

Current liability (In £m)	2016	2015
Trade payables	**68.6**	48.1
Payments received on account	**1.9**	1.0
Tax and social security	**1.4**	2.1
Other payables	**1.0**	0.3
Accruals and deferred income	**15.7**	35.6
Deferred consideration	**2.2**	–
	90.8	87.1

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

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

Notes forming part of the consolidated financial statements
continued
for the year ended 30 June 2016

18. LOANS AND BORROWINGS

The book value of loans and borrowings are as follows:

(In £m)	2016	2015
Non-current liability		
Bank borrowings	**25.9**	34.5
Current liability		
Bank borrowings	**70.0**	69.5
Total loans and borrowings	**95.9**	104.0

The Group has a total bank facility of £131.0m available (2015: £140.0m). This consists of a five year fixed term repayment loan of £36.0m (2015: £45.0m) and a revolving credit facility (RCF) of £95.0m (2015: £95.0m). The RCF will continue to be available to the Group for a period of 3 years 10 months and is renewable on a monthly basis. It is therefore included within current liabilities.

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

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

MATURITY OF LOANS AND BORROWINGS

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

	2016			2015		
(In £m)	**Gross borrowings**	**Unamortised issue costs**	**Net borrowings**	Gross Borrowings	Unamortised issue costs	Net Borrowings
Within one year	**70.3**	**(0.3)**	**70.0**	69.8	(0.3)	69.5
In more than one year but less than two years	**9.0**	**(0.4)**	**8.6**	9.0	(0.4)	8.6
In more than two years but less than five years	**18.0**	**(0.7)**	**17.3**	27.0	(1.1)	25.9
	97.3	**(1.4)**	**95.9**	105.8	(1.8)	104.0

FAIR VALUE OF BORROWINGS

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

	Carrying amount		Fair value	
(In £m)	**2016**	2015	**2016**	2015
Bank borrowings	**97.3**	105.8	**94.4**	101.2
	97.3	105.8	**94.4**	101.2

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

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

19. PROVISIONS

(In £m)	Restructuring
At 1 July 2015	1.5
Utilised in the period	(1.5)
Charged to the income statement	0.8
At 30 June 2016	0.8

The provision relates to costs associated with the restructuring of the acquired entities and is expected to be fully utilised by 30 June 2017.

20. FINANCIAL INSTRUMENTS – RISK MANAGEMENT

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

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

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

PRINCIPAL FINANCIAL INSTRUMENTS

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

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

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

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

(In £m)	2016	2015
Loans and receivables		
Cash and cash equivalents	**27.8**	27.8
Trade and other receivables	**61.8**	59.2
Total financial assets	**89.6**	87.0
Financial liabilities measured at amortised cost		
Trade and other payables	**100.4**	85.0
Loans and borrowings	**97.3**	105.8
Total financial liabilities	**197.7**	190.8

RISK MANAGEMENT

A description of the Group's treasury policy and controls is included in the Financial Review on page 29.

Credit risk

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

Quantitative disclosures of the credit risk exposure in relation to financial assets are set out below. Further disclosures regarding trade and other receivables at the end of the reporting period, which are past due but not impaired, are provided in note 15.

(In £m)	2016	2015
Financial assets – maximum exposure		
Cash and cash equivalents	**27.8**	27.8
Trade and other receivables	**61.8**	59.2
Total financial assets	**89.6**	87.0

20. 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 21% (2015: 29%) to the Group's revenue, all of which is transacted in non-sterling currencies. The overseas subsidiaries operate separate bank accounts, which are used solely for that subsidiary, thus managing the currency in that country. The Group's net assets arising from such overseas operations are exposed to currency risk resulting in gains or losses on retranslation into sterling. Given the levels of materiality, the Group does not hedge its net investments in overseas operations.

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

At the reporting date the Group had entered into time option contracts with the bank for Swiss Francs, US dollars, Euros, Japanese Yen, South African Rand and sterling. These options all mature within 12 months of the reporting date. Forward exchange contracts have not been formally designated as hedges and consequently no hedge accounting has been applied. Forward exchange contracts are carried at fair value. The mark-to-market valuation at the reporting date has been recognised in the balance sheet as a financial instrument liability.

At 30 June 2016 if the currency had weakened/strengthened by 10% against both the US dollar and Euro with all variables held constant, profit for the period would have been £0.2m (2015: nil) higher/lower, mainly as a result of foreign exchange gains/losses on translation of US dollar/Euro trade receivables, cash & cash equivalents and trade payables. The figure of 10% used for sensitivity analysis has been chosen because it represents a range of reasonable fluctuations in exchange rates.

Liquidity risk

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

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

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

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

(In £'000)	Up to 3 months	Between 3 and 12 months	>12 months
At 30 June 2016			
Trade and other payables	**89.4**	**–**	**11.0**
At 30 June 2015			
Trade and other payables	85.0	–	–

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

Trade and other payables – note 17
Loans and borrowings – note 18

Valuation hierarchy

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

(In £m)	**2016** Level 1	**2016** Level 2	**2016** Level 3	2015 Level 1	2015 Level 2	2015 Level 3
Liabilities						
Derivative financial instruments						
– forward foreign exchange contracts	**–**	**1.3**	**–**	–	–	–
Deferred consideration	**–**	**–**	**11.0**	–	–	–

The level 2 forward foreign exchange valuations are derived from mark-to-market valuations as at 30 June 2016. Fair value losses of £1.3m (2015: nil) relating to the movement on open forward foreign exchange contracts have been recognised in underlying administrative expenses.

The notional principal amount of the outstanding forward foreign exchange contracts at 30 June 2016 was £16.3m (2015: nil).
Fair value movements show:

(a) the amount of change, during the period and cumulatively, in the fair value of the financial liability that is attributable to changes in the credit risk of that liability;
(b) the difference between the financial liability's carrying amount and the amount the entity would be contractually required to pay at maturity to the holder of the obligation;
(c) the methods used to arrive at the above amounts; and
(d) if the entity believes that the disclosure given to comply with the above does not faithfully represent the change in the fair value of the financial liability attributable to changes in its credit risk, should disclosed the reasons for reaching this conclusion and the factors it believes are relevant.

Capital management
The Group monitors 'adjusted capital' which comprises all components of equity (ie share capital, share premium account, merger reserve, foreign exchange reserve and retained earnings) and long-term debt.

The Group's objectives when maintaining capital are:

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

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

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

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

21. DEFERRED INCOME TAX

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

(In £m)	2016	2015
Deferred tax assets:		
Deferred tax assets to be recovered after more than 12 months	**(3.5)**	(5.0)
Deferred tax liabilities:		
Deferred tax liabilities to be recovered after more than 12 months	**19.4**	19.0
Deferred tax liabilities within 12 months	**2.8**	2.6
	22.2	21.6

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

Deferred tax liabilities	Fair value gains	Total
At 30 June 2015	21.6	21.6
Acquisition of subsidiary	5.4	5.4
Credited to the income statement	(4.8)	(4.8)
At 30 June 2016	**22.2**	**22.2**

Notes forming part of the consolidated financial statements
continued
for the year ended 30 June 2016

21. DEFERRED INCOME TAX CONTINUED

Deferred tax assets	Unexercised share options	Tax losses	Timing differences (restated)	Total (restated)
At 30 June 2015 (restated)	2.5	1.3	1.2	5.0
Acquisition of subsidiary	–	–	0.2	0.2
(Charged)/credited to the income statement	(0.1)	(0.1)	0.1	(0.1)
Charged direct to equity	(1.6)	–	–	(1.6)
At 30 June 2016	**0.8**	**1.2**	**1.5**	**3.5**

Deferred income taxes are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred income tax assets of £0.8m in respect of tax losses amount to £2.0m that can be carried forward against future taxable income.

Deferred tax is calculated in full on temporary differences under the liability method using the enacted tax rate for the period when the temporary difference is expected to reverse. These rates are 20% for the period to 31 March 2017, 19% for the period 1 April 2017 to 31 March 2020 and 18% thereafter (2015: 20%).

22. SHARE CAPITAL

Authorised, issued and fully paid	Number of Shares ('000s) Ordinary shares of 0.1p each
At 1 July 2014	82,556
Issue of new shares	27,153
At 30 June 2015	**109,709**
Issue of new shares	4,892
At 30 June 2016	**114,601**

(In £m)	**2016**	2015
Ordinary shares of 0.1p each	**0.1**	0.1

On 30 October 2015, 3,102,558 new ordinary shares of 0.1p each were issued, as part consideration for the acquisition of Link Healthcare Limited. Please see note 28 for further details.

During the year a further 1,789,434 shares were issued to satisfy share options that were exercised.

23. RESERVES

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

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

Included within the retained earnings reserve as at 30 June 2016 is £2.8m (2015: £5.2m) relating to unexercised share options which is not distributable.

24. LEASES

OPERATING LEASES

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

(In £m)	2016	2015
Land and buildings:		
In one year or less	**2.1**	0.9
Between one and five years	**5.3**	1.2
In five years or more	**3.3**	0.5
	10.7	2.6

25. POST-EMPLOYMENT BENEFITS

The Group operates a defined contribution pension scheme for the benefit of its employees. The assets of the scheme are held separately from those of the Group in an independently administered fund. Pension costs represent the contributions payable by the Group to the funds and amounted to £0.8m (2015: £0.3m).

26. SHARE-BASED PAYMENTS

The Company operated the following schemes:

Plan	Tax authority status	Employees	Granting, vesting conditions and exercise of share options
Chairman's Option Agreement	Unapproved	Chairman	The option vested on 18 September 2015 and was exercised in the period.
Clinigen Group Long-Term Incentive Plan	Unapproved	All employees	Subject to performance criteria comparing total shareholder return (TSR) versus the FTSE Small Cap Index (excluding investment companies) over a three year period. If the individual leaves earlier than the earliest vesting date, they may, if certain conditions are met, be still entitled to a proportion of the shares.
Clinigen Group Sharesave Plan	HMRC approved	All employees	Options are exercisable at a price equal to the average opening price as published in the Financial Times on the date of invitation and the two dealing days preceding the date of invitation, less 20%. 3-year vesting period. If options remain unexercised after a period of six months from the vesting date the options expire. If monthly contributions are not made for more than six months over the three year period, the options lapse.
Clinigen Group Company Share Option Plan	HMRC approved for UK employees Unapproved for US employees	All employees	Options granted to employees who have invested in the shares of the Company. Options are granted to match the shares acquired by the employee or those granted through the initial grant under the Sharesave or US Stock Purchase Plan. 3-year vesting period. Options vest if employee still owns shares in three years or exercises their options under the Sharesave or US Stock Purchase Plan.
Clinigen Group US Stock Purchase Plan	US tax authority approved	All US employees	Options are exercisable at a price equal to the average opening price as published in the Financial Times on the date of invitation and the two dealing days preceeding the date of invitation, less 15%. 2-year vesting period.
Clinigen Group Long Term Incentive Plan 2015	Unapproved	All employees	Subject to performance criteria comparing total shareholder return (TSR) versus the FTSE Small Cap Index (excluding investment companies) over a three year period. If the individual leaves earlier than the earliest vesting date, entitlement is at the discretion of the Remuneration Committee.
Clinigen Group All Staff Long Term Incentive Plan	Unapproved	All employees	Subject to performance criteria comparing total shareholder return (TSR) versus the FTSE Small Cap Index (excluding investment companies) over a three year period. If the individual leaves earlier than the earliest vesting date, their share option lapses.

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

	2016		2015	
	Weighted average exercise price (p)	**Number**	Weighted average exercise price (p)	Number
Outstanding at start of year	**0.35**	**2,771,403**	0.42	2,623,465
Granted during year	**2.17**	**1,012,156**	–	324,671
Forfeited during the year	**1.36**	**(276,926)**	1.46	(98,911)
Exercised during year	**0.07**	**(1,789,434)**	–	(77,822)
Outstanding at end of year	**1.47**	**1,717,199**	0.35	2,771,403

Of the total number of options outstanding at 30 June 2015, 13,125 share options had vested (2015: none).

The weighted average share price (at the date of exercise) of options exercised during the period was £6.83 (2015: £4.71).

The exercise price of options outstanding at 30 June 2016 ranged between £nil and £6.49 and their weighted average contractual life was two years eleven months.

The weighted average fair value of each option granted during the year was £3.19 (2015: £4.25).

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

	2016	2015
Option pricing model	**Black-Scholes**	Black-Scholes
Weighted average share price at grant date (£)	**£6.63**	£4.57
Exercise price	**Nil to £6.49**	nil
Weighted average contractual life (in years)	**3**	nil
Expected volatility (%)	**37.6**	39.5
Expected dividend yield (%)	**0.5 to 0.6**	0.7
Risk-free interest rate (%)	**0.9 to 1.0**	0.7

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

The share-based remuneration expense comprises equity-settled schemes of £1.8m (2015: £1.3m).

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

27. RELATED PARTY TRANSACTIONS

ULTIMATE CONTROLLING PARTY

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

TRANSACTIONS WITH RELATED PARTIES

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

During the year and the preceding year, the Group had no transactions with related parties.

28. BUSINESS COMBINATIONS

On 30 October 2015 the Clinigen Group plc acquired the share capital of Link Healthcare Private Limited, a company incorporated in Singapore, and its subsidiaries in Singapore, South Africa, Australia, New Zealand, Japan, Malaysia and Hong Kong.

The transaction strengthens the Group's global footprint and allows the Group to benefit from greater global market opportunities, accessing customers and key opinion leaders and strengthening local knowledge and expertise.

Clinigen Group plc paid initial consideration of £41.6m, being a cash payment of £22.3m and an issue of 3,102,558 shares in Clinigen Group plc which had a fair value of £19.3m which represented the market price on 30 October 2015. Both components of the initial payment were transferred to the vendors on 30 October 2015. Cash paid for the acquisition was raised by a combination of existing borrowings facilities and cash held in the business.

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

(In £m)	
Intangible assets	17.1
Investment in joint venture	7.0
Property, plant and equipment	0.6
Inventories	7.3
Trade and other receivables	6.6
Cash	1.9
Trade and other payables	(6.3)
Provision for deferred tax	(5.4)
Net assets acquired	**28.8**
Goodwill arising on acquisition	22.7
Total consideration	**51.5**

The fair values set out above are provisional figures which will be finalised in the 2017 financial statements following management's final review of key reconciliations and judgemental areas relating to acquired creditor balances.

The total consideration of £51.5m, is made up of initial consideration of £41.6m, payment for working capital of £2.0m and contingent consideration of £7.8m, being the discounted expected deferred payment which would be payable in October 2017. This contingent consideration is subject to performance against target EBITA and is calculated based on the expected results of the Link Group during that period taking into account Link Healthcare's historical track record and their financial forecasts. The contingent consideration is included in the Group balance sheet in non current trade and other payables. Under the sale and purchase agreement, the minimum further amount payable is nil and the maximum amount payable is £55.5m (payment assumed in the balance sheet: £9.8m discounted back to £7.8m).

The fair value of intangible assets recognised on business combination comprise the Link and Equity brands at £4.7m, customer relationships at £2.2m, supplier contracts at £9.3m, product dossiers of £0.7m and computer software of £0.2m.

The investment in joint venture represents the fair value of the 50% investment in Novagen Pharma Pty Limited. The joint venture has been valued using a multiple of earnings. In this valuation, the earnings were based on a multiple based on selected industry comparators.

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

The goodwill of £22.7m arising from the acquisition represents the geographical expansion potential provided through access to the South Africa and APAC markets, and the benefit of having local in-house regulatory expertise and distribution capabilities. None of the goodwill is expected to be deductible for income tax purposes.

The amounts included in the consolidated statement of comprehensive income since 30 October 2015 included revenue of £24.5m and a gross profit of £8.8m over the same period. If the transaction had occurred on the first day of the financial period, then estimated contribution to Group revenues would have been £37.2m and profit after tax would have been £2.6m before one off items relating to the acquisition.

Following the acquisition of Idis in April 2015 and the disclosure of the provisional fair values in the annual report for the financial year ended 30 June 2015, the directors have reviewed the fair value of the assets and liabilities acquired. This review resulted in a further impairment of £2.0m in the Idis IT system as the system acquired required significant further expenditure to make fit for purpose. The provisioning for non payment of trade debtors was decreased by £4.0m following the receipt of monies in respect of this aged debt

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

(In £m)	
Intangible assets	111.2
Property, plant and equipment	0.9
Inventories	6.8
Trade and other receivables	36.6
Cash	19.8
Trade and other payables	(64.4)
Loans and borrowings	(35.3)
Provision for deferred tax	(20.3)
Net assets acquired	**55.3**
Goodwill arising on acquisition	144.2
Total consideration	**199.5**

29. CAPITAL COMMITMENTS

At 30 June 2016, the group had committed £6.0m (2015: nil) of expenditure for the design and implementation of Oracle and £0.3m (2015: nil) on the technical transfer of the manufacturing of Ethyol.

Independent Auditors' report

to the members of Clinigen Group plc

Report on the company financial statements

OUR OPINION

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

- give a true and fair view of the state of the company's affairs as at 30 June 2016;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

WHAT WE HAVE AUDITED

The financial statements, included within the Annual Report, comprise:

- the company balance sheet as at 30 June 2016;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

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

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

OTHER MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

ADEQUACY OF ACCOUNTING RECORDS AND INFORMATION AND EXPLANATIONS RECEIVED

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

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

We have no exceptions to report arising from this responsibility.

DIRECTORS' REMUNERATION

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

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

OUR RESPONSIBILITIES AND THOSE OF THE DIRECTORS

As explained more fully in the Directors' Responsibilities Statement set out on page 43, 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

WHAT AN AUDIT OF FINANCIAL STATEMENTS INVOLVES

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

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

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

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

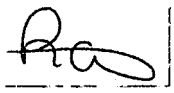
OTHER MATTER
We have reported separately on the group financial statements of Clinigen Group plc for the year ended 30 June 2016.

ANDREW HAMMOND (SENIOR STATUTORY AUDITOR)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham
27 September 2016

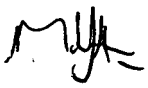
Company balance sheet
as at 30 June 2015

	Note	2016 £'000	2016 £'000	2015 £'000	2015 £'000
Assets					
Non-current assets					
Tangible fixed assets	3		**0.6**		0.8
Intangible fixed assets	4		**45.5**		37.8
Investments	5		**296.2**		244.7
Deferred tax assets	10		**2.0**		3.8
Total non-current assets			**344.3**		287.1
Current assets					
Debtors: amounts falling due within one year	6		**8.7**		4.3
Cash at bank and in hand			**1.8**		1.5
Total current assets			**10.5**		5.8
Total assets			**354.8**		292.9
Current liabilities					
Creditors: amounts falling due within one year	7		**(53.6)**		(25.7)
Loans and borrowings	9		**(70.0)**		(69.5)
Total current liabilities			**(123.6)**		(95.2)
Net current liabilities			**(113.1)**		(89.4)
Total assets less current liabilities			**231.2**		197.7
Non-current liabilities					
Creditors: amounts falling due after more than one year	8		**(11.0)**	–	
Loans and borrowings	9		**(25.9)**		(34.5)
Total non-current liabilities			**(36.9)**	(34.5)	
Net assets			**194.3**	163.2	
Capital and reserves					
Called up share capital	11		**0.1**		0.1
Share premium account			**160.7**		141.0
Merger reserve			**5.4**		5.4
Profit and loss account			**28.1**	16.7	
Total shareholders' funds			**194.3**	163.2	

The financial statements on pages 84 to 95 were approved by the Board of Directors on 27 September 2016 and were signed on its behalf by:



P GEORGE
Director



M ABELL
Director

Statement of changes in equity

for the year ended 30 June 2016

(£m)	Share capital	Share premium account	Merger reserve	Profit and loss account (restated)	Total equity (restated)
At 1 July 2014	0.1	8.6	5.4	28.1	42.2
Loss for the year	–	–	–	(11.4)	(11.4)
Share-based payment scheme	–	–	–	1.3	1.3
Deferred taxation on share-based payment scheme	–	–	–	1.3	1.3
Tax credit in respect of tax losses arising on exercise of share options	–	–	–	0.3	0.3
Dividend paid	–	–	–	(2.6)	(2.6)
Issue of new shares	–	132.4	–	–	132.4
Own shares distributed on exercise of share options	–	–	–	(0.3)	(0.3)
Total contributions by and distributions to owners of the parent, recognised directly in equity	–	132.4	–	–	132.4
At 30 June 2015 and 1 July 2015	**0.1**	**141.0**	**5.4**	**16.7**	**163.2**
Loss for the year	–	–	–	(7.3)	(7.3)
Share-based payment scheme	–	–	–	1.8	1.8
Deferred taxation on share-based payment scheme	–	–	–	(1.6)	(1.6)
Tax credit in respect of tax losses arising on exercise of share options	–	–	–	(2.0)	(2.0)
Dividend paid	–	–	–	(4.1)	(4.1)
Dividends received from group undertakings	–	–	–	20.6	20.6
Issue of new shares	–	19.7	–	–	19.7
Total contributions by and distributions to owners of the parent, recognised directly in equity	**–**	**19.7**	**–**	**18.7**	**38.4**
At 30 June 2016	**0.1**	**160.7**	**5.4**	**28.1**	**194.3**

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

Reserve	Description and purpose
Share premium account	Amount subscribed for share capital in excess of nominal value, except where recognition in merger reserve is used (see below).
Merger reserve	Amount subscribed for share capital in excess of nominal value when shares are issued in exchange for at least a 90% interest in the shares of another company.
Profit and loss account	All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere. The results for 30 June 2015 were restated in the company accounts to reflect intercompany royalties and management charges which had been omitted in the preparation of the accounts.

Notes to the Company balance sheet
for the year ended 30 June 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
The financial statements of the Parent Company present information about the Company as a separate entity and not about its group.

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

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

This is the first year in respect of which the Company has prepared its financial statements under FRS 101. The previous financial statements for the year ended 30 June 2015 were prepared under 'old UK GAAP'. The date of transition to FRS 101 for the Company is 1 July 2014. Set out below are descriptions of the various implementation options applied by the Company in preparing the financial statements for the year ended 30 June 2016, as well as reconciliations from 'old UK GAAP' to FRS 101 for total equity as at 1 July 2014 and 30 June 2015.

MANDATORY EXCEPTIONS TO RETROSPECTIVE APPLICATION
The only mandatory exception applicable to the retrospective application in IFRS 1 applied in converting from 'old UK GAAP' to FRS 101 is the Exemption for estimates which retains estimates made as at 1 July 2014 under FRS 101, ensuring they are consistent with those made previously under 'old UK GAAP'.

IFRS 1 EXEMPTIONS OPTIONS
Set out below are the applicable IFRS 1 exemptions applied by the Company in converting from 'old UK GAAP' to FRS 101. Management expect that these exemptions will continue to apply for the period ended 30 June 2017:

(a) Business combinations
Paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 'Business Combinations' as the equivalent disclosures are included in the consolidated financial statements of the Group.

(b) Share-based payments
Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted-average exercise prices of share options, and how the fair value of goods and services received was determined).

ACCOUNTING PRINCIPLES
The Company Statement of Financial Position has been prepared under the historical cost convention.

BASIS OF PREPARATION
No income statement is presented for the Company as permitted by Section 408(2) and (3) of the Companies Act 2006. The loss dealt with in the accounts of the Company was £7.3m (2015: loss £11.4m). Fees paid to PricewaterhouseCoopers LLP and its associates for audit and non-audit services to the Company itself are not disclosed in the individual financial statements of Clinigen Group plc because the Group financial statements are required to disclose such fees on a consolidated basis.

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

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

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

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

2. STAFF COSTS

(£m)	2016	2015
Staff costs (including Directors) comprise:		
Wages and salaries	**4.6**	3.7
Share-based payments	**1.8**	1.3
Defined contribution pension cost	**0.2**	0.1
Social security costs	**0.9**	1.5
	7.5	6.6

EMPLOYEE NUMBERS

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

	2016 Number	2015 Number
Directors	**3**	3
Staff	**83**	62
	86	65

KEY MANAGEMENT PERSONNEL COMPENSATION

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

(£m)	2016	2015
Directors' remuneration included in staff costs:		
Wages and salaries	**1.6**	1.4
Defined contribution pension cost	**0.1**	0.1
Share-based payment expense	**0.6**	0.6
	2.3	2.1

Total emoluments of Directors (including pension contributions) amounted to £2.3m (2015: £2.1m). Information relating to Directors' emoluments, share options and pension entitlements is set out in the Remuneration Report on pages 40 to 41.

3. TANGIBLE FIXED ASSETS

(£m)	Leasehold improvement	Plant and machinery	Furniture, fittings and equipment	Total
Cost				
At 30 June 2015	0.6	0.1	0.7	1.4
At 30 June 2016	**0.6**	**0.1**	**0.7**	**1.4**
Accumulated depreciation				
At 30 June 2015	0.1	–	0.5	0.6
Charge for the year	–	0.1	0.1	0.2
At 30 June 2016	**0.1**	**0.1**	**0.6**	**0.8**
Net book value				
At 30 June 2016	**0.5**	**–**	**0.1**	**0.6**
At 30 June 2015	0.5	0.1	0.2	0.8

Notes to the Company balance sheet continued
for the year ended 30 June 2015

4. INTANGIBLE FIXED ASSETS

(£m)	Trademarks and licences	Computer software	Total
Cost			
At 30 June 2015	46.5	–	46.5
Additions	10.5	0.1	10.6
At 30 June 2016	**57.0**	**0.1**	**57.1**
Accumulated amortisation			
At 30 June 2015	8.7	–	8.7
Charge for the year	2.9	–	2.9
At 30 June 2016	**11.6**	**–**	**11.6**
Net book value			
At 30 June 2016	**45.4**	**0.1**	**45.5**
At 30 June 2015	37.8	–	37.8

On 1 March 2016, Clinigen Group plc acquired the intellectual property for the product Totect. This consisted of the patents, trademarks, New Drug Application (NDA) with the US Food & Drug Administration and the manufacturing dossier. The cost of the addition recognised is the purchase price plus the directly attributable costs incurred as a result of the acquisition, the costs of transferring the patents, trademarks and licences incurred to date.

On 29 April 2016, Clinigen Group plc extended the Foscavir asset by acquiring the exclusive global rights to a new bag presentation for the product. The payment for the product extension is spread over three years to align cash outflows with the expected achievement of marketing authorisations for the new product presentation. The acquired asset has been recognised at the initial consideration plus the fair value of the deferred consideration. Future costs expected to be incurred in developing this product and obtaining the market authorisations will be recognised as incurred.

5. INVESTMENTS

(£m)	Investments in subsidiary companies
Cost or valuation	
At 30 June 2015	244.7
Additions	51.5
At 30 June 2016	**296.2**
Net book value	
At 30 June 2016	**296.2**
At 30 June 2015	244.7

The addition during the year reflects the acquisition of Link Healthcare Pte Limited for £51.5m.

SUBSIDIARY UNDERTAKINGS

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

Name	Country of incorporation	Nature of business
Clinigen Healthcare Limited	United Kingdom	Sales and distribution of pharmaceutical products
Clinigen Clinical Trials Limited	United Kingdom	Holding company
Clinigen CTS Limited	United Kingdom	Sales and distribution of pharmaceutical products
Clinigen CTS Inc.	USA	Sales and distribution of pharmaceutical products
Idis Group Holdings Limited	United Kingdom	Holding company
Idis Group Limited	United Kingdom	Holding company
Idis Limited	United Kingdom	Sales and distribution of pharmaceutical products
Idis Inc	USA	Provision of business development services
Clinigen Asia Pte Limited	Singapore	Holding company
Link Healthcare Singapore Pte Limited	Singapore	Sales and distribution of pharmaceutical products
Link Healthcare KK	Japan	Sales and distribution of pharmaceutical products
Clinigen KK	Japan	Sales and distribution of pharmaceutical products
Link Healthcare SDN BHD	Malaysia	Sales and distribution of pharmaceutical products
Link Healthcare Hong Kong Limited	Hong Kong	Sales and distribution of pharmaceutical products
Link Healthcare Pty Limited	Australia	Holding company
Link Medical Products Pty Limited	Australia	Sales and distribution of pharmaceutical products
Link Pharmaceuticals Limited	New Zealand	Sales and distribution of pharmaceutical products
Link Healthcare Pty Limited	South Africa	Holding company
Homemed Pty Limited	South Africa	Sales and distribution of pharmaceutical products
Equity Pharmaceuticals Pty Limited	South Africa	Sales and distribution of pharmaceutical products
Equity Medical Technologies Pty Limited	South Africa	Sales and distribution of pharmaceutical products
Equipharm Specialised Distribution Pty Limited	South Africa	Sales and distribution of pharmaceutical products
Plurilinx (Pty) Limited	South Africa	Dormant
Chloromix (Pty) Limited	South Africa	Dormant
PMIP Pty Limited	Australia	Dormant
Link Holding 1 Pty Limited	Australia	Dormant
Link Holding 2 Pty Limited	Australia	Dormant
Idis MA Limited	United Kingdom	Dormant
Idis GA Limited	United Kingdom	Dormant
Clinigen GAP Inc	USA	Dormant
Idis Trustee (UK) Limited	United Kingdom	Non trading trustee of Employee Benefit Trust
Employee Benefit Trust 1	Jersey	Employee Benefit Trust
Employee Benefit Trust 2	Jersey	Employee Benefit Trust
Clinigen GAP Limited	United Kingdom	Dormant
Clinigen SP Limited	United Kingdom	Dormant
Idis Pharma Private Limited	India	Dormant
Keats Healthcare Limited	United Kingdom	Dormant
Clinigen Pharma Limited	United Kingdom	Dormant

All shareholdings in subsidiaries are owned 100% (2015: 100%) through the subsidiaries' ordinary share capital.

JOINT VENTURES

Set out below are the joint ventures of the Group as at 30 June 2016, these were acquired as part of the acquisition of Link Healthcare group. The Group had no joint ventures in the prior year. The joint ventures as listed below have share capital consisting solely of ordinary shares, 50% of which are held directly by the Group. The country of incorporation is also their principal place of business.

Name	Year end	Country of incorporation	Measurement method
Novagen Pharma Pty Limited	31 March	South Africa	Equity
Medical Stockings Pty Limited	30 June	Australia	Equity

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

Notes to the Company balance sheet continued
for the year ended 30 June 2015

6. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

(£m)	2016	2015
Amounts owed by Group undertakings	**8.2**	2.6
Other debtors	**–**	0.3
Prepayments and accrued income	**0.5**	1.4
	8.7	4.3

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

(£m)	2016	2015
Trade creditors	**0.5**	0.2
Amounts owed to Group undertakings	**46.8**	20.8
Tax and social security	**1.3**	1.8
Other creditors	**0.3**	0.1
Accruals and deferred income	**2.4**	2.8
Deferred consideration	**2.3**	–
	53.6	25.7

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

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

(£m)	2016	2015
Deferred consideration	**2.5**	–
Contingent consideration	**8.5**	–
	11.0	–

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

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

All amounts are due within five years.

9. LOANS AND BORROWINGS
The book value and fair value of loans and borrowings are as follows:

(£m)	2016	2015
Non-current liability		
Bank borrowings	**25.9**	34.5
Current liability		
Bank borrowings	**70.0**	69.5
Total loans and borrowings	**95.9**	104.0

The Group has a total bank facility of £131.0m available (2015: £140.0m), this consists of a five year fixed term repayment loan of £36.0m (2015: £45.0m) a revolving credit facility (RCF) of £95.0m (2015: £95.0m). The RCF is repayable within one month and therefore included within current liabilities.

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

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

At 30 June 2016, the fixed term loan was fully utilised at £36.0m (2015: £45.0m) and £61.3m (2015: £60.8M) was borrowed against the revolving credit facility. All borrowings are in pounds sterling. There were no instances of default, including covenant terms, in either the current or the preceding period.

MATURITY OF LOANS AND BORROWINGS

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

	2016			2015		
(£m)	Gross borrowings	Unamortised issue costs	Net borrowings	Gross borrowings	Unamortised issue costs	Net borrowings
Within one year	**70.3**	**(0.3)**	**70.0**	69.8	(0.3)	69.5
In more than one year but less than two years	**9.0**	**(0.4)**	**8.6**	9.0	(0.4)	8.6
In more than two years but less than five years	**18.0**	**(0.7)**	**17.3**	27.0	(1.1)	25.9
	97.3	**(1.4)**	**95.9**	105.8	(1.8)	104.0

FAIR VALUE OF BORROWINGS

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

	Carrying amount		Fair value	
(£m)	**2016**	2015	**2016**	2015
Bank borrowings	**97.3**	105.8	**94.4**	101.2
	97.3	105.8	**94.4**	101.2

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

10. DEFERRED TAX

Deferred tax consists of the following and is calculated using the effective tax rate of 20% (2015: 20%). The movement on the deferred tax account is as shown below:

(£m)	**2016**	2015
Deferred tax asset – opening balance	**3.8**	2.0
Recognised		
Adjustment in respect of prior years	**–**	(0.3)
(Charged) / credited to the profit and loss account	**(0.2)**	0.2
Tax expense recognised in equity	**(1.6)**	1.9
Deferred tax asset – closing balance	**2.0**	3.8

The deferred tax balance is made up as follows:

(£m)	**2016**	2015
Losses	**1.2**	1.3
Share-based payment scheme	**0.8**	2.5
	2.0	3.8

Notes to the Company balance sheet continued
for the year ended 30 June 2015

11. CALLED UP SHARE CAPITAL

Authorised, issued and fully paid	Number of Shares ('000s) Ordinary shares of 0.1p each
At 1 July 2014	82,556
Issue of new shares	27,153
At 30 June 2015	109,709
Issue of new shares	4,892
At 30 June 2016	114,601

(£m)	2016	2015
Ordinary shares of 0.1p each	**0.1**	0.1

On 30 October 2015, 3,102,558 new ordinary shares of 0.1p each were issued, as part consideration for the acquisition of Link Healthcare Limited.

During the year a further 1,789,434 shares were issued to satisfy share options that were exercised.

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

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

(£m)	Level 1	Level 2	Level 3	Total
2016				
Liabilities measured at fair value (see below):				
Creditors: amounts falling due after more than one year	**–**	**–**	**(11.0)**	**(11.0)**
2015				
Liabilities measured at fair value (see below):				
Creditors: amounts falling due after more than one year	–	–	–	–

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

FAIR VALUES OF FINANCIAL INSTRUMENTS

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

(£m)	Fair value 2016	Carrying amount 2016	Fair value 2015	Carrying amount 2015
Loans and receivables				
Cash and cash equivalents	**1.8**	**1.8**	1.5	1.5
Debtors excluding prepayments (note 6)	**8.2**	**8.2**	2.9	2.9
Total loans and receivables	**10.0**	**10.0**	4.4	4.4
Total financial assets	**10.0**	**10.0**	4.4	4.4
Financial liabilities measured at amortised cost				
Loans and borrowings	**(94.4)**	**(97.3)**	(101.2)	(105.8)
Creditors: amounts falling due within one year (note 7)	**(53.6)**	**(53.6)**	(25.7)	(25.7)
Creditors: amounts falling due after more than one year (note 8)	**(11.0)**	**(11.0)**	–	–
Total financial liabilities measured at amortised cost	**(159.0)**	**(161.9)**	(126.9)	(131.5)
Total financial liabilities	**(159.0)**	**(161.9)**	(126.9)	(131.5)
Total financial instruments	**(149.0)**	**(151.9)**	(122.5)	(127.1)

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

13. RELATED PARTY TRANSACTIONS

ULTIMATE CONTROLLING PARTY

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

TRANSACTIONS WITH RELATED PARTIES

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

There were no transactions with related parties during the year or the preceding year.

14. TRANSITION TO FRS 101

For all periods up to and including the year ended 30 June 2015, the Company prepared its financial statements in accordance with United Kingdom generally accepted accounting practice (UK GAAP). These financial statements, for the year ended 30 June 2016, are the first the Company have prepared in accordance with FRS 101.

Accordingly, the Company has prepared financial statements which comply with FRS 101 applicable for periods beginning on or after 1 July 2014 and the significant accounting policies meeting those requirements are described in the relevant notes.

In preparing these financial statements, the company has started from an opening balance sheet as at 1 July 2014, the Company's date of transition to FRS 101, and made those changes in accounting policies and other restatements required for the first-time adoption of FRS 101. As such, this note explains the principal adjustments made by the Company in restating its UK GAAP balance sheet as at 1 July 2014 and its previously published UK GAAP financial statements for the year ended 30 June 2015.

On transition to FRS 101, the Company has applied the requirements of paragraphs 6 – 33 of IFRS 1 'First time adoption of International Financial Reporting Standards'

Notes to the Company balance sheet continued
for the year ended 30 June 2015

14. TRANSITION TO FRS 101 CONTINUED
RECONCILIATION OF EQUITY AS AT 1 JULY 2014

(£m)	Notes	UK GAAP	FRS 101 Re-classifications	FRS 101 Re-measurements	FRS 101
Non-current assets					
Tangible fixed assets		1.0	–	–	1.0
Intangible fixed assets		37.5	–	–	37.5
Investments		9.1	–	–	9.1
Deferred tax asset		2.0	–	–	2.0
Total non-current assets		49.6	–	–	49.6
Current assets					
Debtors: amounts falling due within one year		4.3	–	–	4.3
Cash at bank and in hand		8.1	–	–	8.1
Total current assets		12.4	–	–	12.4
Total assets		62.0	–	–	62.0
Current liabilities					
Creditors: amounts falling due within one year		(3.3)	–	–	(3.3)
Loans and borrowings		(16.5)	–	–	(16.5)
Total current liabilities		(19.8)	–	–	(19.8)
Net current liabilities		(7.4)	–	–	(7.4)
Net assets		42.2	–	–	42.2
Capital and reserves					
Called up share capital		0.1	–	–	0.1
Share premium account		8.7	–	–	8.7
Merger reserve		5.4	–	–	5.4
Profit and loss account		28.0	–	–	28.1
Total equity		42.2	–	–	42.2

RECONCILIATION OF EQUITY AS AT 30 JUNE 2015

(£m)	Notes	UK GAAP	FRS 101 Re-classifications	FRS 101 Re-measurements	FRS 101
Non-current assets					
Tangible fixed assets		0.8	–	–	0.8
Intangible fixed assets		37.8	–	–	37.8
Investments		244.7	–	–	9.1
Deferred tax asset	A	1.9	–	1.9	3.8
Total non-current assets		285.2	–	1.9	287.1
Current assets					
Debtors: amounts falling due within one year		4.3	–	–	4.3
Cash at bank and in hand		1.5	–	–	1.5
Total current assets		5.8	–	–	5.8
Total assets		291.0	–	1.9	292.9
Current liabilities					
Creditors: amounts falling due within one year		(25.7)	–	–	(25.7)
Loans and borrowings		(69.5)	–	–	(69.5)
Total current liabilities		(95.2)	–	–	(95.2)
Net current liabilities		(89.4)	–	–	(89.4)
Total assets less current liabilities		195.8	–	1.9	197.7
Non-current liabilities					
Loans and borrowings		(34.5)	–	–	(34.5)
Total non-current liabilities		(34.5)	–	–	(34.5)
Net assets		**161.3**	**–**	**1.9**	**163.2**
Capital and reserves					
Called up share capital		0.1	–	–	0.1
Share premium account		141.0	–	–	141.0
Merger reserve		5.4	–	–	5.4
Profit and loss account		14.8	–	1.9	16.7
Total equity		**161.3**	**–**	**1.9**	**163.2**

Notes to the reconciliation of equity as at 1 July 2014, 30 June 2015:

A DEFERRED TAX ASSET ON SHARE BASED PAYMENTS

Under IAS 12, the deferred tax asset arising from the future tax deduction available when share options are exercised should be recognised. Upon transition deferred tax assets arising on share options historically under UK GAAP has been reviewed at 1 July 2014 and at 30 June 2015 to identify any material re-measurements required. As a result a further £1.9m has been recognised as at 30 June 2015, with a corresponding credit entry to retained earnings.

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