Clinigen Group plc

Underlying EBITDA up 19.8% and EPS up 22%

Burton-on-Trent, UK – 24 September 2014 – Clinigen Group plc ('Clinigen' or the 'Group', AIM: CLIN), the global specialty pharmaceuticals business, has today published its preliminary results for the 12 months ended 30 June 2014.

Financial highlights

- Like for like revenues* on a constant exchange rate basis up 7.5%. Reported revenues up by 3% to £126.6m (FY13: £122.6m)
- Gross margin improved in all three operating businesses, increasing to over 30% overall and delivering growth in excess of 17%
- Underlying EBITDA** increased by 19.8% to £26.8m (FY13: £22.4m)
- Reported pre-tax profits up by 47% to £21.3m (FY13: £14.5m)
- Adjusted underlying earnings per share*** up 22% to 24.5 pence (FY13: 20.1 pence) and reported earnings per share up 30% to 19.6 pence (FY13: 15.1 pence)
- Cash generation continues to be strong. Net cash of £5.3m combined with the borrowing facility of £35m, provides opportunity for continued expansion.
- Final dividend 2.1 pence per share proposed; total dividend 3.1 pence per share (FY13: 2.6 pence per share), up 19%.

Business highlights

- Specialty Pharmaceuticals (SP)
  - Total number of products increased from three to five following the acquisition of two oncology support products; Savene in March 2014 and Ethyol in August 2014.
  - Suspension of Marketing Authorization lifted for Vibativ and product launched September 2014.
  - New indications and price increases applied to Foscavir.
- Clinical Trials Supply (CTS)
  - Gross margins returned to 15.1%; deeper penetration of customer base with requests to supply and product sourced both up more than 30%.
  - New exclusive supply agreement signed.
- Global Access Programs (GAP)
  - 58,000 units of drugs shipped to more than 75 countries, an 87% increase, coming from both growth in existing programs and new programs.
  - Cliniport launched and applied to all programs.

* Like for like sales represent revenues adjusted for Foscavir stock fill (£3m) in FY13.

** Underlying EBITDA is defined as earnings before interest, tax, depreciation and amortization excluding share based payments.

*** Underlying earnings exclude share based payments, and are adjusted for amortization and associated tax.

Peter George, Chief Executive Officer, Clinigen Group, said "We have had another strong year of growth, with all three operational businesses increasing their contribution.

"Organic business has increased in both CTS and GAP, with a significant improvement in margins for CTS. In SP, we have seen steady growth in in-market sales from Foscavir and revenue streams beginning to come on board from Cardioxane and newly acquired Savene. Vibativ has been revitalized and, in September 2014, launched into the European market. The acquisition of Ethyol brings the total SP drug portfolio to five.

"In the next financial year, the priorities for the Group are two fold; the revitalization of SP's dexrazoxane asset portfolio (Cardioxane and Savene) and the strengthening of our global capabilities, particularly in pharmerging markets.

"Both strategic goals are important to our long term growth and will support our ambition to become a recognized world leading specialty pharmaceutical company with unrivalled global distribution capability for licensed and unlicenced medicines."
-Ends-

A group analyst briefing will be held at 09:30am on Wednesday, 24 September 2014 at the offices of Instinctif Partners, 65 Gresham Street, London EC2V 7NQ.

An audio replay file will be made available shortly afterwards via the Group's website: www.clinigengroup.com.

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About Clinigen Group

The Clinigen Group is a specialty global pharmaceutical company headquartered in the UK, with offices in the US and Japan. The Group, dedicated to delivering 'the right drug, to the right patient at the right time', has three operating businesses; Specialty Pharmaceuticals (SP), Clinical Trials Supply (CTS), and Global Access Programs (GAP). SP focuses on acquiring and in licensing specialist, hospital only medicines worldwide and revitalising and commercializing them within niche markets. CTS sources and supplies commercial medical products for use solely in global clinical studies, including comparator drugs and co-therapies. GAP specializes in the global development, management and execution of early, extended and mature access programs for patients and their clinicians to drugs not available (unlicensed) in their markets.

For more information, please visit www.clinigengroup.com.

Forward-looking statement

This announcement contains certain projections and other forward-looking statements with respect to the financial condition, results of operations, businesses and prospects of Clinigen Group plc ("Clinigen"). These statements are based on current expectations and involve risk and uncertainty because they relate to events and depend upon circumstances that may or may not occur in the future. There are a number of factors which could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements. Any of the assumptions underlying these forward-looking statements could prove inaccurate or incorrect and therefore any results contemplated in the forward-looking statements may not actually be achieved. Recipients are cautioned not to place undue reliance on any forward-looking statements contained herein. Clinigen undertakes no obligation to update or revise (publicly or otherwise) any forward-looking statement, whether as a result of new information, future events or other circumstances.

Overview

FY14 has been another strong year of growth for Clinigen. Whilst top line growth (£126.6m +3.3%) has been impacted by prior year activities, such as CTS lumpy sales and Foscavir stock fill, an improvement across the divisions in gross profit has combined with the impact of IPO costs in prior year to drive a 47% increase in profit before tax. Importantly, all three operating businesses have contributed to this growth.

Significant progress has been made in pursuit of the strategic objectives, as evidenced by the Group's ability to continue to increase business in CTS and GAP. CTS delivered more clinical trial drug supplies than prior year, up 45%, and GAP delivered a 54% increase in sales. In SP, there have been two further acquisitions of niche hospital-only oncology support medicines, Savene and Ethyol, that have potential for revitalization. Together with Cardioxane, this results in an oncology portfolio of three, and with the two anti-infectives (Foscavir and Vibativ), brings the total portfolio to five. Overall, Clinigen's unique ability to distribute medicines globally to both licensed and un-licensed territories continues to resonate with customers.

The Board is proposing a final dividend of 2.1 pence per share. Together with the interim dividend of 1.0 pence per share, this makes a combined dividend of 3.1 pence per share (FY13: 2.6 pence), an increase of 19%.

Strategy

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

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

Clinigen is the only company to have the rights to both indications for dexrazoxane (cardioprotection - Cardioxane and extravasation - Savene) which puts us in a unique position. In the past Cardioxane has had a number of restrictions placed upon its usage, including a contraindication for use in children and adolescents, restricted to use in only adult patients with advanced or metastatic breast cancer at a 50% dose ratio.

Clinigen believes that a broader patient population would benefit from the protective and lifesaving properties of Cardioxane. This view is supported by the academic community and significant additional data is being generated in at least seven studies related to both safety and efficacy. Clinigen intends to highlight this data to the European Medicines Agency (EMA) during its Periodic Safety Update Report (PSUR) and has requested to meet Agence Nationale de Sécurité du Médicament (ANSM), as France is the reference member state for Cardioxane. This is just the start of Clinigen's revitalization efforts to lift restrictions on Cardioxane's usage and therefore extend its benefits to the broader oncology population, including children, treated with anthracyclines.

The other strategic focus is the strengthening of the Group's global footprint which would benefit licensed and unlicensed product distribution and clinical trial sourcing and distribution. The Group is focused on both developed markets and emerging markets. In developed markets, like North America, the Group is developing stronger GAP partnerships and extending its office and warehousing capabilities. In emerging markets, many of Clinigen's products are in demand and unlicensed supply is growing as part of patient and disease management.

A recent independent market review, commissioned by Clinigen, indicates that a significant proportion of the GAP market is "on-demand" unlicensed supply to patients in countries where the requested medicine is no longer or has never been licensed. This on-demand, "International Pharmacy" type, supply is particularly prevalent in emerging markets. It is clear to the Board that Clinigen needs to develop its services and capabilities to serve this demand globally, particularly with reference to the pharmerging markets.

Current trading and outlook

The market dynamics remain strong with the trends affecting Clinigen's business looking challenging, but positive.

Both CTS and GAP remain on track in their aims to be the global leaders. CTS has a clear global number two position by sales which was confirmed in the Group's recent market review, and a further 50%+ growth in GAP takes this division closer to its goal. SP now has five products in its portfolio and is well on its way to the ten products targeted by the Group by the end of FY18.

Clinigen CTS is expected to remain the main revenue generator in FY15. As Clinigen's presence in providing global access programs and the demand for unlicensed products continues to grow, the GAP business is expected to continue on its growth trajectory for this year. For SP, with five products now in the portfolio, the focus is on maintaining Foscavir's in-market sales levels. The Directors expect to see a revenue and profit contribution from Savene and Cardioxane, and a start of the revitalisation process with the products, Vibativ and Ethyol.

The Board remains confident in the outlook for the full year.

Operational overview

A summary of the strategic priorities, achievements and long term goals is provided below. The operational review by division follows afterwards.

Clinigen CTS		
Strategic Priority	*What have we achieved this year*	*Our long term goal*
Grow business with current customers	18 customers over £1m in sales (17 in FY13), with 5 over £5m (2 in FY13)	Keep key customers whilst reducing overall dependency on top 20
Target top 50 pharma, top 20 CRO's/repackers, virtuals and Biosimilars	Good new business with key CROs	Win key target customers over next 3 years
Develop US operations	Plans approved for new warehouse/office in The Navy Yard, Philadelphia	CY2015 move into new premises and develop US presence across all three divisions
Develop global & direct sourcing capabilities	All suppliers audited, added a further exclusive supply agreement	Expand developing market capabilities & exclusivity

Clinigen GAP		
Strategic Priority	*What have we achieved this year*	*Our long term goal*
Grow business with current customers	Added more multi-program customers in FY14	All customers are multi-program
Target top 50 pharma	Eisai, AstraZeneca & Boehringer Ingelheim added in 2014	Win more key target customers over next three years
Develop global footprint	Extended distribution to more than 75 countries and US capabilities	Develop/acquire distribution & management capabilities in

		pharmerging markets
Develop value added services	Cliniport completed and launched FY14	Link Cliniport to ERP system, launch Clinigen Intelligence Database (CID) + additional data services
Increase awareness of Clinigen and drive thought leadership	Numerous publications and presentations at key events	To be recognised as the market leader

Clinigen SP		
Strategic Priority	*What have we achieved this year*	*Our long term goal*
Acquire further products	In FY14, added Savene; in FY15 Ethyol added	Grow to 10 products over next four years
Develop global footprint	Strengthened South American capabilities during FY14 through Cardioxane	Develop/acquire distribution & management capabilities in pharmerging markets
Develop current assets	Created dexrazoxane portfolio with acquisition of Savene and Cardioxane. Vibativ license reinstated in EU, product manufactured	Develop dexrazoxane to take advantage of unique strategic position. Successful Vibativ launch into EU.

Clinigen Central Operating Platform		
Strategic Priority	*What have we achieved this year*	*Our long term goal*
Drive synergies across the business	Extended and integrated multi-lingual customer services. Significant synergies developing between GAP & SP.	Extend shared distribution network and Cliniport. Continue to drive GAP & SP synergies.

Clinigen CTS

Clinigen CTS remains the largest contributor to sales (66%); in FY14 it generated sales of £83.6m (FY13: £87.8m) and a gross profit of £12.6m (FY13: £11.4m). The top-line reduced over prior year, as explained by high one-off anti-viral sales in FY13, albeit, as previously stated, these were at a very low margin. In FY14, there has been an improvement in gross margin, up 10.9% in real terms on prior year, with a GM% of 15.1%. US customers remained stable at £58m. The customer numbers remained stable at 73 (FY12 72), but as evidenced by the improvement in GM, the business was of a higher quality. Those customers generating over £1m in sales was up to 18 (FY13 17), with five of these over £5m, up from two in FY13.

In total in FY14, Clinigen CTS had circa 1,600 requests (FY13 1,100) to supply clinical trials, sourcing 741 medicines (FY13 578) for 73 different customers. The top 20 customers accounted for 96% sales, but there is a wide variation year-on-year in customers' spends as highlighted in recent research from the Tuft's Centre, and as evidenced by changes to CTS' top 20 each year. For example only 13 of last year's top 20 remained in the top 20 for FY14. This variation explains the "lumpy" nature of CTS sales, which are driven by clinical trial demand and drug cost, which Tuft's identified can vary in leading pharma companies between $10m and $120m in any given year. The drug sourcing mix in FY14 shows Comparators account for 84% of Clinigen's total business with co- and rescue therapies accounting for the remaining 16%.

Clinigen CTS has made particular efforts to drive smarter sourcing of products for its customers. A further exclusive supply agreement with an international pharma company for an oncology product has been added; exclusive supply agreements accounted for 7.5% of total supplies by value in FY14. Direct sourcing from the product manufacturer accounted for 38% of total supplies by value. All suppliers are audited to ensure the quality of supply.

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

Clinigen GAP

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

The growth in GAP has been driven by more activity in existing programs as well as new programs. FY14 saw 58,000 units shipped, up by 87% (FY13: 31,000). A number of smaller programs have closed during FY14, but as can be seen from the activity in the year, these have not impacted growth and were expected to happen as part of the natural project cycle.

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

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

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

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

Clinigen SP

Clinigen SP's portfolio has recently expanded to five products, currently focused on two therapeutic areas; anti-infectives (Foscavir & Vibativ) and oncology support (Cardioxane, Savene & Ethyol). Whilst performance in FY13 was predominantly the result of sales of the anti-viral treatment Foscavir, FY14 saw contributions from

two of the new products, Cardioxane and Savene. Overall, in FY14, SP had sales of £26.9m (FY13: £24.3m) and gross profit of £23.2m (FY13: £19.8m). Vibativ and Ethyol will start to contribute in FY15.

Foscavir

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

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

Cardioxane and Savene

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

Savene sales were only recorded for the last two months of FY14 and made a small impact. However the license transfers were completed for this product by the beginning of September and direct supply from Clinigen has commenced. Savene is expected to make more impact on the FY15 numbers.

Cardioxane is predominantly used for the prevention of chronic cumulative cardiotoxicity caused by the chemotherapy drugs, Doxorubicin or Epirubicin, in adult breast cancer patients. The underlying molecule, dexrazoxane, which is also shared by Savene, has had a number of restrictions placed upon its usage in other patient populations which has limited its sales in recent years. Clinigen believes that a broader patient population would benefit from the lifesaving properties of Cardioxane and this view seems to be supported by a number of global key opinion leaders and articles recently published. During FY15, as a key strategic focus, Clinigen will be working to lift certain restrictions on Cardioxane's usage and extend its benefits to the broader oncology population treated with anthracyclines. This, together with Savene, will form the broad basis of Clinigen's Dexrazoxane growth strategy.

Clinigen, as the only company globally who has the rights to both indications, cardioprotection (Cardioxane) and extravasation (Savene), is in a unique position and during FY15 the intention is to develop a clear commercial plan to take advantage of this.

Vibativ

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

Financial Review

Revenue

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

Gross profit

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

Administrative expenses

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

Profitability

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

Taxation

The tax charge for the year of £5.1m is based on prevailing UK and US effective tax rates. This charge is calculated as £5.4m on underlying profits offset by a credit of £0.4m in respect of non-underlying costs. Tax payable is significantly better, at £3.7m, due to the utilisation of losses brought forward arising from the exercise of equity-settled share options at IPO. A corporation tax refund in respect of FY12 of £3.5m was received in July 2014.

Earnings

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

Dividend

The Board has maintained a progressive dividend policy and expect interim and final dividend payments to be split one-third to two-thirds respectively. The Board is proposing a final dividend of 2.1 pence per share, which when added to the interim dividend of 1.0 pence paid on 28 March 2014, will make a total dividend of 3.1 pence per share (2013: 2.6 pence).

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

Cash flow

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

Cash and cash equivalents at 30 June 2014 of £21.8m (2013: £11.3m) are partly offset by a short term bank loan of £16.5m (2013: £nil), giving net cash of £5.3m (2013: £11.3m). Net cash combined with the £35m bank facility provides funding for future acquisitions.

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

Consolidated statement of comprehensive income
for the year ended 30 June 2014

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

All amounts relate to continuing operations.

Consolidated statement of financial position
as at 30 June 2014

	Note	**2014 £'000**	2013 £'000
Assets			
Non-current assets			
Property, plant and equipment		**968**	748
Intangible assets	8	**50,508**	38,893
Deferred tax assets	11	**1,956**	1,983
Total non-current assets		**53,432**	41,624
Current assets			
Inventories		**2,466**	3,151
Trade and other receivables		**23,644**	18,721
Corporation tax recoverable		**3,535**	3,932
Cash and cash equivalents	9	**21,787**	11,326
Total current assets		**51,432**	37,130
Total assets		**104,864**	78,754
Liabilities			
Current liabilities			
Trade and other payables		**19,502**	27,804
Loans and borrowings	10	**16,500**	—
Corporation tax liability		**2,555**	—
Total current liabilities		**38,557**	27,804
Net assets		**66,307**	50,950
Issued capital and reserves attributable to owners of the parent company			
Share capital	12	**83**	83
Share premium account		**8,660**	8,660
Merger reserve		**5,413**	5,413
Own shares		**(328)**	—
Foreign exchange reserve		**(145)**	109
Retained earnings		**52,624**	36,685
Total equity		**66,307**	50,950

Consolidated statement of cash flows
for the year ended 30 June 2014

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

Consolidated statement of changes in equity
for the year ended 30 June 2014

	Share capital £'000	Share premium account £'000	Merger reserve £'000	Own shares £'000	Foreign exchange reserve £'000	Retained earnings £'000	Total equity £'000
At 1 July 2012	—	—	5,463	—	48	24,395	29,906
Profit for the year	—	—	—	—	—	11,332	11,332
Other comprehensive income	—	—	—	—	61	—	61
Total comprehensive income	—	—	—	—	61	11,332	11,393
Share based payment scheme	—	—	—	—	—	2,323	2,323
Deferred taxation on share based payment scheme	—	—	—	—	—	(8,945)	(8,945)
Tax credit in respect of tax losses arising on exercise of share options	—	—	—	—	—	8,075	8,075
Dividend paid (note 7)	—	—	—	—	—	(495)	(495)
Bonus issue of shares	50	—	(50)	—	—	—	—
Issue of new shares	33	10,221	—	—	—	—	10,254
Cost of new issue	—	(1,561)	—	—	—	—	(1,561)
At 30 June 2013 and 1 July 2013	83	8,660	5,413	—	109	36,685	50,950
Profit for the year	**—**	**—**	**—**	**—**	**—**	**16,213**	**16,213**
Other comprehensive income	**—**	**—**	**—**	**—**	**(254)**	**—**	**(254)**
Total comprehensive income	**—**	**—**	**—**	**—**	**(254)**	**16,213**	**15,959**
Share based payment scheme	**—**	**—**	**—**	**—**	—	**1,190**	**1,190**
Deferred taxation on share based payment scheme	**—**	**—**	**—**	**—**	—	**405**	**405**
Tax credit in respect of tax losses arising on exercise of share options	**—**	**—**	**—**	**—**	—	**619**	**619**
Dividend paid (note 7)	**—**	**—**	**—**	**—**	—	**(2,476)**	**(2,476)**
Own shares acquired in the year	**—**	**—**	**—**	**(340)**	—	—	**(340)**
Own shares distributed on exercise of share options	**—**	**—**	**—**	**12**	—	**(12)**	—
Total contributions by and distributions to owners of the parent, recognised directly in equity	**—**	**—**	**—**	**(328)**	**—**	**(274)**	**(602)**
At 30 June 2014	**83**	**8,660**	**5,413**	**(328)**	**(145)**	**52,624**	**66,307**

Notes forming part of the consolidated financial statements
for the year ended 30 June 2014

1. 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 information contained in this announcement which does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006, has been derived from the audited statutory consolidated accounts for the year ended 30 June 2014. The statutory accounts for the year ended 30 June 2013 have been filed with, and are available from, the Registrar of Companies. The statutory accounts for the year ended 30 June 2014 will be filed with the Registrar of Companies in due course. The independent auditors' report on the accounts for the year ended 30 June 2014 is unqualified and does not contain any statement under Section 498(2) or (3) of the Companies Act 2006.

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.

2. Critical accounting estimates and judgements

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

(a) Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the Group's accounting policy. 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 8.

(b) Carrying value of intangible assets excluding goodwill

The carrying value of intangible assets is at cost less amortisation and any impairment. Annual impairment 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.

(c) Share based payment charge

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

(d) Deferred taxation

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

3. Segment information

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

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

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

Global Access Programs ("Clinigen GAP") specialises in the consultancy, development, management and implementation of global access programs for biotechnology and pharmaceutical companies. It is a growing business which contributed 13% (2013: 9%) of the Group's external revenues.

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

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

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

Measurement of operating segment profit or loss, assets and liabilities

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

Classes of business

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

Geographical analysis

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

4. Non-underlying items

The non-underlying items relate to the following:

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

Details of the share based payment charge of £1,190k (2013: £2,323k) are in note 13. Social security costs of £611k (2013: £488k) relates to amounts that are payable on the exercise of share options granted under unapproved share option plans.

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

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

5. Income tax

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

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

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

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

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

6. Earnings per share ("EPS")

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

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

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

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

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

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

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

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

7. Dividends

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

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

8. Intangible assets

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

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

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

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

Discount rate	10%
Terminal growth rate	0%

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

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

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

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

9. Cash and cash equivalents

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

Due to the short-term nature of cash at bank and short-term deposits, and as the credit risk has been adjusted for where required, the carrying value approximates to their value.

10. Loans and borrowings

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

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

The Group has a bank facility of £35.0m (2013: £20.0m).

11. Deferred tax assets

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

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

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

The deferred tax balance is made up as follows:

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

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

12. Share capital

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

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

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

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

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

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

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

13. Share based payments

The Company operated the following schemes:

Plan	Tax authority status	Employees	Granting, vesting conditions and exercise of share options
Clinigen Group Limited Enterprise Management Incentive Share Option Scheme	HMRC approved	Senior management	An exercise event is triggered by either a sale of the Company's shares or assets, or a listing, or the exercise date of 30 June 2014 is reached. In the event of a withdrawal from listing or sale, the exercise event was deemed to have occurred.
Clinigen Group Unapproved Share Option Plan 2012	Unapproved	Senior management	Individual employed at occurrence of an exercise event; An exercise event is triggered by the earlier of a sale, transfer, assignment or disposition of the share capital of the Company giving rise to a change of control of the Company, or a listing, or the reclassification of shares in accordance with Article 21 of the Articles of Association; and within six months of the grant date, an AIM admission document or prospectus is approved for issue in connection with a listing and the corresponding placing price, if achieved, would result in the Company having an aggregate market capitalization immediately following such listing or admission equal to or in excess of £125m or within six months of the grant date, a sale would represent a net present value (at the time of completion) on the Company equal to or in excess of £125m.
Chairman's Option Agreement	Unapproved	Chairman	The option vests at the earliest of a change in control or 18 September 2015. If the Chairman ceases to be a Director of any Group Company, the option may be exercised for a period of twelve months from the date he ceases to be a Director.
Clinigen Group Long Term Incentive Plan	Unapproved	All employees	Performance condition based on growth in total shareholder return (TSR) over a three year period.

			Share options granted at IPO have a requirement of at least 25% growth. Other grants under the Scheme require Clinigen growth in TSR to be in excess of the FTSE Small Cap Index (excluding investment companies). If the individual leaves earlier than the earliest vesting date, they may, if certain conditions are met, be still entitled to a proportion of the shares.
Clinigen Group Sharesave Plan	HMRC approved	All employees	Options are exercisable at a price equal to the average opening price as published in the Financial Times on the date of invitation and the two dealing days preceding the date of invitation, less 20%. Three year vesting period. If options remain unexercised after a period of six months from the vesting date the options expire. If monthly contributions are not made for more than six months over the three year period, the options lapse.
Clinigen Group Company Share Option Plan	HMRC approved for UK employees Unapproved for US employees	All employees	Options granted to employees who have invested in the shares of the Company. Options are granted to match the shares acquired by the employee or those granted through the initial grant under the Sharesave or US Stock Purchase Plan. Three year vesting period. Options vest if employee still owns shares in three years or exercises their options under the Sharesave or US Stock Purchase Plan.
Clinigen Group US Stock Purchase Plan	US tax authority approved	All employees	Options are exercisable at a price equal to the average opening price as published in the Financial Times on the date of invitation and the two dealing days preceding the date of invitation, less 15%. Two year vesting period.
Clinigen Group Employee Share Scheme October 2013	Unapproved	All employees excluding directors	Options vest if employee is still employed on 1 October 2014.

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

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

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

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

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

The exercise price of options outstanding at 30 June 2014 ranged between £nil and £4.42 and their weighted average contractual life was 2 years 11 months. None of these were exercisable at 30 June 2014.

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

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

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

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

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

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

14. Contingent liabilities

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

15. Events after the reporting date

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

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