For immediate release **22 August 2017**

Quantum Pharma Plc ('Quantum' or 'the Group' or the 'Company')

Unaudited results for the half year ended 31 July 2017 ('the period' or 'H1 2018')

Financial highlights

- Revenue increased 13% to £36.2m (H1 2017: £32.1m) reflecting strong growth from the Niche Pharmaceuticals division ('Niche')
- Adjusted EBITDA increased 23% to £5.7m (H1 2017: £4.7m)
- Niche transformed, contributing 28% of Group adjusted EBITDA (before central costs) at £1.8m (H1 2017: loss of £0.2m)
- Statutory operating profit increased 74% to £3.6m (H1 2017: £2.1m)
- Net debt reduced to £11.9m (H1 2017: £23.8m)

Key developments

- Initial phase of strategy to focus and simplify the business completed following disposal of Total Medication Management Services Limited trading as Biodose Services ('Biodose Services')
- Licensed product portfolio performing very well with Glycopyrronium Bromide Oral Solution 1mg/5ml ('Glyco') outperforming expectations and for which an indication extension is being progressed
- Increased confidence in deliverability and value of the product pipeline
- Partnerships established with two global pharmaceutical businesses to commercialise generic products in the UK
- Progress made with the first export of licensed product into the Middle East
- Strong expressions of interest received in international partnership opportunities
- Hospital revenue growth in the Specials division ('Specials') balanced by regulatory and pricing pressure in unlicensed specials supplied to community pharmacies
- Post the period end a non-binding indicative proposal made by Clinigen Group plc regarding a possible offer for the Group.

Chris Rigg, CEO of Quantum, said: "I am very pleased with the strategic progress we have made in the period and the Group has good momentum going into the second half of the year. The benefits of our simplification strategy are clear to see in a strong set of results that demonstrate the substantial increase in the profitability of our business. The next steps of our strategic plan are underway with a focus on delivering the current pipeline, maximising the value in our licensed product portfolio and exploiting international opportunities. I am confident in the future prospects of the Group."

A conference call for analysts will be held at 9.30 am on the day of the results; for analysts wishing to join the conference call, please contact:

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All figures for continuing operations unless stated otherwise.
A list of definitions of non-GAAP measures and references to reconciliations to GAAP measures are included at the end of this document.

This announcement contains inside information for the purposes of Article 7 of EU Regulation 596/2014.

For further information

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Notes to editors

Quantum Pharma Plc is a service-led, niche pharmaceutical developer, manufacturer and supplier to the retail pharmacy, pharmaceutical wholesale and hospital markets. Quantum Pharma Plc operates through two divisions – Niche Pharmaceuticals ('Niche') and Specials – offering a portfolio of innovative and complementary products and services.

For further information, please visit www.quantumpharmagroup.com.

As a result of rounding throughout this announcement it is possible that tables may not cast and change percentages may not calculate precisely.

Chief Executive's review

I am pleased to report that the Group has made strong progress both financially and strategically during the period. Group adjusted EBITDA has increased 23% to £5.7m as a result of the strategic actions we have taken. The performance of Niche in particular has been transformed, contributing £1.8m of adjusted EBITDA in the period, 28% of Group adjusted EBITDA (before central costs), compared to a reported £0.2m loss in H1 2017. As a focused and simplified business we now benefit from a higher quality of earnings and we expect our adjusted EBITDA margin to continue to grow over the medium term, as we expand our portfolio of licensed products.

Our strategic plan has progressed more quickly than we envisaged at the time that the new Board was appointed in October 2016, when the Group faced a number of challenges. In approximately nine months we have succeeded in simplifying the Group's business model, which is now focused on our core Specials and Niche divisions and a reprioritised development pipeline. Key steps included the closure of our loss making NuPharm operation, the sale of Biodose Services and a significant strengthening of the Group's balance sheet.

Despite the market for unlicensed specials being mature, and experiencing pricing and prescribing pressure from the NHS, our market-leading Specials division continues to be cash-generative, profitable and central to our unlicensed-to-licensed ('UL2L') strategy.

Our strategy is to be first to license the top specials in the UK in order to defend and grow our market position. Over the next 24-36 months we expect to drive significant growth through the development of the bulk of our UK pipeline and at the same time deliver better value to the NHS provided that we are successful in being first to market. The licensing strategy has already driven transformational performance in the Niche division within the period, and the Group is well-positioned to maximise its potential in the UK and also to explore international markets where we aim to leverage the global UL2L opportunity.

Portfolio update

The pipeline currently contains over 35 product developments, of which over 70% are UL2L opportunities. As it progresses through the various stages of development, our confidence in the deliverability and value of the pipeline is increasing.

We have launched a number of products during the period, the most financially material of which were Gabapentin Oral Solution 50mg/ml and Acetylcysteine 200mg sachets, which have performed very well since commercial launch.

The Group will also shortly make the licence submission to the MHRA for the first strength of the largest product in our pipeline by market potential. If we succeed in being first to market with a licence for this product it would be a significant step for the Group. This is a complex development and registration process and as such the precise timing of an approval will be difficult to predict.

Aside from managing the progress of active developments, we are also focusing on maximising the lifecycle of our launched products. For example, we began work during the period to extend the indication of Glyco for paediatric use, a move which will defend and extend the market for this product.

We have entered into agreements with two global pharmaceutical businesses for the UK out-licensing of Trazodone[1] and Memantine[2]. These agreements are blueprints for the type of partnership we are pursuing in order to commercialise selected generics in our portfolio, where other businesses are better placed to take them to market and accelerate our access to a meaningful return. In these cases our partners offer strong presence in these respective markets supported by large and established sales teams.

International opportunity

The Board believes that a significant opportunity exists to replicate our UL2L business model internationally over the medium term. Access to data and distribution channels will be critical to the successful execution of this part of our strategy, just as it has been for our UK programme. The rapid progress made in simplifying the business and the resultant performance benefits has allowed us to initiate this strategy ahead of plan, and we are in discussions with a number of potential partners across several targeted territories. We recognise, however, that it is important that the business does not rush this next phase of its evolution and chooses the right international partnership routes to maximise shareholder value.

Possible offer

On 16 August 2017, the Board announced that it had received an indicative proposal from Clinigen Group plc ('Clinigen') regarding a possible offer for the Company to be satisfied through a combination of new ordinary shares in Clinigen and cash. Discussions are ongoing and we will update shareholders on any further developments as appropriate. In the meantime, shareholders are reminded that the proposal from Clinigen is non-binding and is subject to material preconditions, including customary due diligence. As a result, it is emphasised that there can be no certainty that an offer will be made for the Company, nor as to the terms on which any offer may be made.

Summary and outlook

I am very pleased with the strategic progress we have made in the period and the Group has good momentum going into the second half of the year. The benefits of our simplification strategy are clear to see in a strong set of results that demonstrate the substantial increase in the profitability of our business. The next steps of our strategic plan are underway with a focus on delivering the current pipeline, maximising the value in our licensed product portfolio and exploiting international opportunities. I am confident in the future prospects of the Group.

[1] Oral solution 50mg/5ml and 100mg/5ml

[2] Soluble tablets 10mg, 20mg and titration pack

Divisional Review

Niche Pharmaceuticals division ('Niche')

Niche delivered a strong first half performance having benefited from the strategic steps to increase focus and simplify operations that were taken during the second half of last year. Revenue grew 129% to £5.3m (H1 2017: £2.3m) and now accounts for 15% of Group revenue (H1 2017: 7%). This advance was primarily driven by the growth in Glyco during the period in addition to contributions from a number of other products launched during H1 2018.

Adjusted EBITDA was £1.8m (H1 2017: £0.2m loss), which was a transformational performance compared to the modest loss the division delivered in the same period last year. The main contributions to this transformation were the growth in licensed product sales and the benefits of a reduced cost base following the actions to eliminate the cost of supporting underperforming products during H2 2017.

The division's significant improvement in reported profitability has been achieved despite a fall in the proportion of costs being capitalised as the number of launched products grows and an increasing share of management time is spent on supporting their commercialisation.

The division launched the following licensed products during the period:

- Folic Acid 1mg/ml Oral Solution (prevention of neural tube defects and folic acid deficiency) in February 2017;
- Acetylcysteine 200mg sachets (mucolytic for respiratory disorders) in March 2017;
- Levothyroxine Oral Solution (for hyperthyroidism) in 25mcg/5ml, 50mcg/5ml and 100mcg/5ml strengths in April 2017; and
- Gabapentin Oral Solution 50mg/ml (for the treatment of epilepsy and neuropathic pain) in May 2017.

The division also demonstrated success in its strategy to commercialise selected generic products in the UK through partnerships with two global pharmaceutical companies for the out-licensing of Trazodone and Memantine.

In each case the agreement recognises the ability of the selected partner to support and market the product in the UK through its established sales and marketing infrastructure, which we believe will ensure greater penetration and financial returns from these products.

Niche has made early progress with the first exports of licensed product into the Middle East during the period. The division has also begun discussions with a number of global pharmaceutical businesses aimed at establishing partnerships for international expansion.

Specials division ('Specials')

Specials continues to perform reliably against a backdrop of increasing competitive and regulatory pressure. Revenue increased 4% to £30.9m (H1 2017: £29.8m), reflecting the growth in unlicensed special sales into hospitals and the continuing success in meeting temporary supply shortages of licensed medicines.

Adjusted EBITDA contracted by 14% to £4.7m (H1 2017: £5.5m), which partly reflects an increase in the cost of customer retention that has been driven by growing competition amongst specials providers to win new business, and absorption of some shared overhead following the closure of NuPharm.

The division's market-leading manufacturer and supplier of specials into the pharmacy and wholesale sectors, Quantum Pharmaceutical ('QPL'), experienced some softness early in the period due to a shift in sales mix towards tariff lines from non-tariff lines. QPL has, however, successfully reinforced its market-leading position with the renewal of two long-term exclusive supply agreements during the period:

- Bestway Panacea Healthcare Limited (trading as Well Pharmacy) – two-year agreement from March 2017; and
- Phoenix Healthcare Distribution Limited – three-year agreement from April 2017.

Along with the renewal of AAH Pharmaceuticals for a term of five years in March 2016, QPL now has long term agreements with its three largest customers. The renewal of these key agreements is important in ensuring QPL remains resilient in the face of the evolving regulatory and competitive specials landscape whilst the Group pursues its UL2L strategy for the major specials.

UL Medicines ('ULM'), the division's supplier of specials into hospitals, delivered a good performance with revenue growth of almost 10%. ULM experienced growth in hospital volumes driven by batch and bespoke medicine demand, in addition to benefiting from temporary supply opportunities due to shortages of licensed medicines. The business continues to consolidate its position as a leading supplier of unlicensed imported medicines into the NHS.

Recognising the maturity of the market in which it operates, Specials is focusing on a number of initiatives to drive operational efficiencies and margin improvement. Many of these initiatives centre on improvements to the Group's ERP system to leverage the benefits of technology in streamlining and systemising a variety of processes.

Chris Rigg
Chief Executive Officer
21 August 2017

Chief Financial Officer's review

The Group's financial results report on a simplified business comprising two operating divisions of Specials and Niche Pharmaceuticals ('Niche') following the discontinuance of the Medication Adherence ('MA') division during the period. The progress that the Group has made in respect of its strategic plan is evidenced by the improvement in financial performance during the period.

All figures in this section refer to continuing operations unless otherwise stated.

Group performance

The Group performance is summarised in the following measures:

- Revenue increased by 13% to £36.2m (H1 2017: £32.1m)
- Gross profit increased by 10% to £14.3m (H1 2017: £13.1m)
- Adjusted EBITDA increased by 23% to £5.7m (H1 2017: £4.7m)
- Operating profit increased by 74% to £3.6m (H1 2017: £2.1m)
- Capitalised development expenditure of £1.0m was incurred (H1 2017: £2.3m)
- Net debt reduced to £11.9m (H1 2017: £23.8m)

Revenue

REVENUE BY DIVISION (£m)	H1 2018	H1 2017	FY 2017
Specials	30.9	29.8	61.4
Niche Pharmaceuticals	5.3	2.3	4.9
Group	**36.2**	**32.1**	**66.3**

Group revenue grew by 13% to £36.2m (H1 2017: £32.1m), primarily as a result of the revenue growth of £3.0m delivered by the Niche division. Its portfolio of licensed products has grown during the period and it has also benefited from a whole period revenue contribution from product launches prior to the beginning of the period. The balance of the Group's revenue growth of £1.1m is in the Specials division with the hospital sector in particular providing the main component of this growth.

The Specials division operates in a market where some products are subject to regulated pricing. In the early part of the period there was also evidence of a shift from non-tariff products to lower priced tariff products. Despite these challenges, however, revenue in the division increased by 4% through growth in our hospital and aseptics compounding businesses.

The Niche division launched Glycopyrronium Bromide Oral Solution 1mg/5ml ('Glyco') in the UK in August 2016, its first UL2L product with meaningful volume. Within the period to 31 July 2017 Glyco sales provide a full six month revenue contribution whereas the comparable prior period does not include any revenue for Glyco due to the timing of the launch in August 2016. Additional products have also been launched during the period and have provided incremental revenues albeit it not for the full period.

Gross profit

The Group's reported gross margin has stepped up considerably compared to the gross margin reported previously when Biodose Services homecare business was part of the Group's continuing operations. The disposal of Biodose Services has brought visibility to a simpler business with higher quality earnings as

evidenced by an underlying gross margin of c40% that was previously diluted by a high turnover low margin homecare business.

The Group's gross profit has increased by 10% to £14.3m (H1 2017: £13.1m). This is due to an increase of £2.0m in the Niche division due in the main to the performance of Glyco since its launch in August 2016 offset by a reduction of £0.8m in the Specials division primarily due to the pricing pressure and shift from non-tariff to tariff prescribing.

Within the continuing operations the Niche division's products provide a higher margin revenue stream than the Specials division products do as a whole. The Niche division's increase in the proportion of Group revenue in this period has been offset to some extent the mix issues experienced within the Specials division.

Adjusted EBITDA

ADJUSTED EBITDA BY DIVISION (£m)	**H1 2018**	**H1 2017**
Specials	4.7	5.5
Niche Pharmaceuticals	1.8	(0.2)
Group costs	(0.8)	(0.6)
Group adjusted EBITDA	**5.7**	**4.7**

Adjusted EBITDA increased to £5.7m (H1 2017: £4.7m) after adjusting for depreciation, amortisation, share based payments and deferred consideration charge. The increase is as a result of the Niche division adjusted EBITDA improving by £2.0m to £1.8m (H1 2017: loss of £0.2m) for the period. The reorganisation of this division in the prior year led to a reduced cost base and refocused activity on UL2L and selected niche generic products that had routes to market that the Group was capable of optimising. The combined benefits of these actions is evident in the improvement in the Niche division adjusted EBITDA.

RECONCILIATION TO OPERATING PROFIT (£m)	**H1 2018**	**H1 2017**
Group adjusted EBITDA	5.7	4.7
Intangible amortisation	(0.7)	(0.4)
Depreciation	(0.4)	(0.5)
Deferred consideration (Lamda)	(0.4)	(1.0)
Share based payments	(0.6)	(0.3)
Other exceptional costs	-	(0.4)
Group statutory operating profit	**3.6**	**2.1**

The only non-recurring item in the period is the expected final charge of £0.4m (H1 2017: £1.0m) relating to the deferred consideration for the Lamda acquisition made in April 2015. Share based payments have increased to £0.6m (H1 2017: £0.3m) during the period reflecting the full year effect of prior year option grants and additional option grants during the period.

Discontinued operations

Following an orderly closure plan in the previous financial year NuPharm Laboratories Limited ("NuPharm") was placed into administration on 26 April 2017. NuPharm's financial results are included within the losses from discontinued operations in the prior period's consolidated income statement as it represented a separate major line of business for the Group. NuPharm was not active in the current period and as such is not included within current period discontinued operations.

During the period the Group disposed of Total Medication Management Services Limited (trading as Biodose Services) which represented the main component of the MA division and as a result of this disposal the MA division has been discontinued.

Biodose Services has been classified as a discontinued operation in the current period and the prior period's financial results have also been restated on this basis.

Profit (loss) before tax

RECONCILIATION TO PROFIT FOR THE PERIOD (£m)	**H1 2018**	**H1 2017**
Group statutory operating profit	3.6	2.1
Net financing expense	(0.4)	(0.5)
Share of profit of equity-accounted investees, net of tax	0.1	0.1
Taxation	(0.3)	0.1
Profit for the period – continuing operations	**3.0**	**1.8**
Loss from discontinued operations	(0.2)	(0.8)
Profit for the period	**2.8**	**1.0**

The Group recorded a profit for the period of £2.8m (H1 2017: £1.0m) comprising profit from continuing operations of £3.0m (H1 2017: £1.8m) and losses from discontinued operations of £0.2m (H1 2017: £0.8m). The statutory profit in the period from continuing operations includes only one non-operational charge relating to the Lamda deferred consideration which was expected. The absence of a number of exceptional items in the consolidated income statement supports the progress made in simplifying the business and its quality of earnings.

Earnings per share - continuing operations

MOVEMENT IN BASIC EARNINGS PER SHARE	**Pence**
H1 2017 earnings per share	1.4
Change due to:	
Profit for the period	0.9
Weighted average number of shares in issue	(0.5)
H1 2018 earnings per share	**1.8**

The table bridges the movement in earnings per share year-on-year, showing the value of the movement that is attributable to the change in earnings and the value that is due to a change in the number of ordinary shares in issue.

Operating cash flow

The Group generated net cash inflows from continuing operating activities of £4.6m (H1 2017: £6.8m) before accounting for a deferred consideration payment of £2.0m (H1 2017: £1.8m) in connection with the Lamda acquisition that reduced the current period cash inflows to £2.6m (H1 2017: £5.0m).

Working capital absorption during the period of £1.2m (excluding the movement on the Lamda deferred consideration liability of £1.6m) is primarily reflected in an increase in receivables as a result of revenue growth.

During the period the Group's capitalised development expenditure reduced to £1.0m (H1 2017: £2.3m) despite the Group's product pipeline continuing to be developed at the same rate. This reduction reflects a

number of factors including, the internal cash cost base from which capitalisation was sourced being reduced, a more stringent capitalisation policy being applied and the timing of third party costs associated with developments being back end weighted.

Discontinued operations incurred net cash outflows from operating activities of £0.7m and net cash inflows relating to the proceeds on disposal (after working capital adjustments) of £0.5m resulting in net cash outflow of £0.2m (H1 2017: £1.3m) from discontinued activities.

Net debt and banking facilities

NET DEBT (£m)	**H1 2018**	**H1 2017**	**FY 2017**
Cash and cash equivalents	7.7	5.6	7.9
Term loan	(19.8)	(22.8)	(21.2)
Revolving credit facility	-	(7.0)	-
Unamortised loan issue costs	0.2	0.4	0.3
Net debt	**11.9**	**23.8**	**13.0**

Net debt of £11.9m reduced by £1.1m during the period from the £13.0m reported at 31 January 2017. This reduction was achieved after discharging a £2.0m payment with respect to the final element of the deferred consideration of the Lamda acquisition completed in April 2015.

The net debt comprises borrowings net of unamortised loan issue costs of £19.6m (H1 2017: £29.4m) and cash and cash equivalents of £7.7m (H1 2017: £5.6m) and represents just over 1.0 times annualised adjusted EBITDA.

The Group has banking facilities with RBS and Lloyds that provide overall debt facilities of £35.0m comprising a £25.0m term loan plus £10.0m revolving credit facility, which was undrawn during the period.

Dividend

The Board has decided not to declare a dividend in respect of this period.

Gerard Murray
Chief Financial Officer
21 August 2017

Condensed Consolidated Income Statement
for period ended 31 July 2017

	Note	**(Unaudited) 6 months ended 31 July 2017**	(Unaudited) 6 months ended 31 July 2016	(Audited) Year ended 31 January 2017
		£000	£000	£000
Continuing operations				
Revenue	**2**	**36,203**	32,075	66,337
Cost of sales		**(21,883)**	(19,011)	(41,251)
Gross profit		**14,320**	13,064	25,086
Distribution expenses		**(1,056)**	(1,168)	(2,290)
Administrative expenses		**(9,692)**	(9,841)	(32,348)
Operating profit (loss)		**3,572**	2,055	(9,552)
Financial expenses		**(370)**	(500)	(1,150)
Net financing expense		**(370)**	(500)	(1,150)
Share of profit of equity-accounted investees, net of tax		**59**	79	145
Profit (loss) before tax	**2**	**3,261**	1,634	(10,557)
Taxation		**(296)**	155	1,745
Profit (loss) for the period from continuing operations		**2,965**	1,789	(8,812)
Discontinued operations				
Loss for the period from discontinued operations	**3**	**(183)**	(827)	(13,954)
Profit (loss) for the period		**2,782**	962	(22,766)
Basic and diluted earnings per share attributed to equity shareholders of the Company				
Basic (p)	**4**	**1.7**	0.8	(16.9)
Diluted (p)	**4**	**1.5**	0.8	(16.9)
Basic (p) – continuing operations only	**4**	**1.8**	1.4	(6.5)
Diluted (p) – continuing operations only	**4**	**1.6**	1.4	(6.5)
Basic (p) – discontinued operations only	**4**	**(0.1)**	(0.6)	(10.4)
Diluted (p) – discontinued operations only	**4**	**(0.1)**	(0.6)	(10.4)

Condensed Consolidated Statement of Comprehensive Income
for period ended 31 July 2017

	(Unaudited) 6 months ended 31 July 2017 £000	(Unaudited) 6 months ended 31 July 2016 £000	(Audited) Year ended 31 January 2017 £000
Profit (loss) for the period	**2,782**	962	(22,766)
Other comprehensive income			
Items that are or may be recycled subsequently into profit or loss			
Foreign exchange translation differences	**117**	41	74
Other comprehensive income for the period, net of income tax	**117**	41	74
Total comprehensive income (loss) for the period	**2,899**	1,003	(22,692)
Attributable to:			
Equity holders of the parent	**2,899**	1,003	(22,692)

Condensed Consolidated Balance Sheet
as at 31 July 2017

	Note	**(Unaudited) 31 July 2017**	(Unaudited) 31 July 2016	(Audited) 31 January 2017
		£000	£000	£000
Non-current assets				
Property, plant and equipment		**3,912**	6,066	4,211
Intangible assets	**5**	**57,916**	80,331	59,493
Investments		-	105	-
		61,828	86,502	63,704
Current assets				
Inventories		**3,471**	3,972	3,985
Tax receivable		**-**	476	228
Trade and other receivables		**12,689**	13,009	14,965
Cash and cash equivalents	**6**	**7,664**	5,560	7,941
		23,824	23,017	27,119
Total assets		**85,652**	109,519	90,823
Current liabilities				
Other interest-bearing loans and borrowings	**6**	**(2,880)**	(9,880)	(2,880)
Tax payable		**(32)**	-	-
Trade and other payables		**(14,413)**	(20,896)	(22,433)
Provisions		**(323)**	(1,022)	(572)
		(17,648)	(31,798)	(25,885)
Non-current liabilities				
Other interest-bearing loans and borrowings	**6**	**(16,639)**	(19,519)	(18,080)
Other payables		**-**	(21)	-
Deferred tax liabilities		**(1,052)**	(2,546)	(244)
		(17,691)	(22,086)	(18,324)
Total liabilities		**(35,339)**	(53,884)	(44,209)
Net assets		**50,313**	55,635	46,614
Equity attributable to equity holders of the parent				
Share capital		**16,912**	12,500	16,912
Share premium		**74,799**	64,940	74,799
Consolidation reserve		**(9,752)**	(9,752)	(9,752)
Translation reserve		**233**	83	116
Other reserve		**(21,726)**	(21,726)	(21,726)
ESOP own share reserve		**(484)**	(484)	(484)
Merger reserve		**8,742**	8,742	8,742
Retained earnings		**(18,411)**	1,332	(21,993)
Total equity		**50,313**	55,635	46,614

Condensed Consolidated Statement of Changes in Equity

	Share capital £000	Share premium £000	Consolidation reserve £000	Translation reserve £000	Other reserve £000	ESOP own share reserve £000	Merger reserve £000	Retained earnings £000	Total equity £000
Balance at 1 February 2017	16,912	74,799	(9,752)	116	(21,726)	(484)	8,742	(21,993)	46,614
Total comprehensive income for the period									
Profit for the period	-	-	-	-	-	-	-	2,782	2,782
Other comprehensive income	-	-	-	117	-	-	-	-	117
Total comprehensive income for the period	-	-	-	117	-	-	-	2,782	2,899
Transactions with owners, recorded directly in equity									
Equity-settled share based transactions	-	-	-	-	-	-	-	800	800
Total contributions by and distributions to owners	-	-	-	-	-	-	-	800	800
Balance at 31 July 2017	**16,912**	**74,799**	**(9,752)**	**233**	**(21,726)**	**(484)**	**8,742**	**(18,411)**	**50,313**

Condensed Consolidated Statement of Changes in Equity

	Share capital £000	Share premium £000	Consolidation reserve £000	Translation reserve £000	Other reserve £000	ESOP own share reserve £000	Merger reserve £000	Retained earnings £000	Total equity £000
Balance at 1 February 2016	12,500	64,940	(9,752)	42	(21,726)	(484)	8,742	1,247	55,509
Total comprehensive income for the period									
Profit for the period	-	-	-	-	-	-	-	962	962
Other comprehensive income	-	-	-	41	-	-	-	-	41
Total comprehensive income for the period	-	-	-	41	-	-	-	962	1,003
Transactions with owners, recorded directly in equity									
Equity-settled share based transactions	-	-	-	-	-	-	-	373	373
Dividend payable	-	-	-	-	-	-	-	(1,250)	(1,250)
Total contributions by and distributions to owners	-	-	-	-	-	-	-	(877)	(877)
Balance at 31 July 2016	**12,500**	**64,940**	**(9,752)**	**83**	**(21,726)**	**(484)**	**8,742**	**1,332**	**55,635**

Condensed Consolidated Cash Flow Statements
for period ended 31 July 2017

	(Unaudited) 6 months ended 31 July 2017	(Unaudited) 6 months ended 31 July 2016	(Audited) Year ended 31 January 2017
	£000	£000	£000
Cash flows from operating activities			
Profit (loss) for the period	**2,965**	1,789	(8,812)
Adjustments for:			
Depreciation, amortisation and impairment	**1,147**	857	12,883
Financial expense	**370**	500	1,150
Share of profit of equity-accounted investees	**(59)**	(79)	(145)
Loss on sale of property, plant and equipment	**-**	(2)	-
Equity settled share-based payment expenses	**653**	333	718
Taxation	**296**	(155)	(1,745)
	5,372	3,243	4,049
(Increase) decrease in trade and other receivables	**(1,158)**	1,167	96
(Increase) decrease in inventories	**(35)**	385	200
(Decrease) increase in trade and other payables	**(1,677)**	68	646
(Decrease) increase in provisions	**(192)**	250	44
	2,310	5,113	5,035
Interest paid	**(433)**	(442)	(929)
Tax received	**772**	314	546
Net cash inflow from continuing operating activities	**2,649**	4,985	4,652
Net cash outflow from operating activities in discontinued operations	**(663)**	(1,020)	(768)
Net cash inflow from operating activities	**1,986**	3,965	3,884
Cash flows from investing activities			
Acquisition of property, plant and equipment	**(219)**	(504)	(705)
Capitalised development expenditure	**(982)**	(2,318)	(4,035)
Acquisition of other intangible assets	**(26)**	(92)	(212)
Net cash outflow from investing activities in continuing operations	**(1,227)**	(2,914)	(4,952)
Net cash inflow (outflow) from investing activities in discontinued operations	**464**	(231)	(252)
Net cash outflow from investing activities	**(763)**	(3,145)	(5,204)
Cash flows from financing activities			
Proceeds from the issue of share capital (net of expenses)	**-**	-	14,271
Proceeds from new loan	**-**	2,000	-
Repayment of borrowings	**(1,500)**	(1,500)	(8,000)
Dividends paid	**-**	-	(1,250)
Net cash (outflow) inflow from financing activities in continuing operations	**(1,500)**	500	5,021
Net cash flow from financing activities in discontinued operations	**-**	-	-
Net cash (outflow) inflow from financing activities	**(1,500)**	500	5,021
Net (decrease) increase in cash and cash equivalents	**(277)**	1,320	3,701
Cash and cash equivalents at start of period	**7,941**	4,240	4,240
Cash and cash equivalents at period end	**7,664**	5,560	7,941

Unaudited notes

1 Accounting Policies

1.1 Basis of preparation

The interim financial information set out in this statement for the six months ended 31 July 2017 and the comparative figures for the six months ended 31 July 2016 are unaudited. This financial information does not constitute statutory accounts as defined in Section 435 of the Companies Act 2006. It does not comply with IAS 34 'Interim Financial Reporting' as is permissible under the rules of the AIM market ("AIM").

This interim statement, which is neither audited nor reviewed, has been prepared in accordance with the measurement and recognition criteria of Adopted IFRS's. This statement does not include all the information required for the full annual financial statements and should be read in conjunction with the financial statements of the Group as at and for the year ended 31 January 2017.

The half year results were approved by the Board of Directors on 21 August 2017.

1.2 Accounting policies

The accounting policies applied in preparing these interim financial statements are the same as those applied in the preparation of the annual financial statements for the year ended 31 January 2017, as described in those financial statements.

1.3 Status of financial information

The financial figures for the year ended 31 January 2017, as set out in this report, do not constitute statutory accounts but are derived from the statutory accounts for that financial year. Those accounts were prepared under IFRS and have been reported on by the Company's auditor and delivered to the Registrar of Companies. The report of the auditor was (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under Section 498 (2) or (3) of the Companies Act 2006.

1.4 Principal risks and uncertainties

The principal risks and uncertainties associated with the Group's business can be divided into the following main areas:

- Key products
- Key customers
- Regulatory clearance
- Marketing Authorisations ('product licences') for new products
- Facilities
- Reputation

• Changes in legislation, drug tariff and prescription pricing practice

• Loss of key employees

• Cash flow in high value contracts

Information on these risks and how they are managed is given on page 22 in the Annual Report and Accounts 2017. In the view of the Board these principal risks and uncertainties are as applicable to the remaining six months of the financial year as they were to the six months under review.

2 Segmental reporting

The following analysis by segment is presented in accordance with IFRS 8 on the basis of those segments whose operating results are regularly reviewed by the Board of Directors (the Chief Operating Decision Maker as defined by IFRS 8) to assess performance and make strategic decisions about allocation of resources.

The sectors distinguished as operating segments are Specials and Niche. A short description of these sectors is as follows:

- Specials – Manufacture, source and supply specials to pharmacies, pharmaceutical wholesalers, hospitals (NHS and private) and other specials suppliers throughout the UK and overseas.
- Niche – develop and supply niche pharmaceuticals, provide development and regulatory services and out-license products and dossiers to third parties across Europe.

These segments have separate management teams and offer different products and services. These operating segments are reportable segments. The segment results, as reported to the Board of Directors, are calculated under the principles of IFRS. Performance is measured on the basis of Adjusted EBITDA which comprises the segment result before non-cash items (amortisation, depreciation and share based payments) and other items that are excluded when the Board assess performance. During the period the Board of Directors made a decision, following a strategic review, and subsequent sale of Total Medication Management Services Limited, to re-organise its segments, focussing on its core 'Specials' and 'Niche' divisions. As a result the Medication Adherence division ceased to exist and as a consequence Protomed Limited, previously reported in the Medication Adherence division, is now reported in Specials. Separately PERN Consumer Products Limited, previously reported in Niche has been transferred to Specials. The 2016 results have been restated in line with the current reportable segments so that all current and prior period segments are reported on a like-for-like basis.

A reconciliation between Adjusted EBITDA and Profit before tax is included in the tables below:

2 Segmental reporting *continued*

31 July 2017 (Unaudited)

	Specials £000	Niche £000	Total £000
Result and reconciliation to profit before tax			
Total revenue	35,220	6,333	41,553
Intersegmental	(4,351)	(999)	(5,350)
Revenue	**30,869**	**5,334**	**36,203**
Segment adjusted EBITDA	**4,718**	**1,794**	**6,512**
Group cost centres			(770)
Group adjusted EBITDA			**5,742**
Intangible amortisation			(744)
Depreciation			(403)
Deferred consideration accounted for as remuneration (Lamda)			(370)
Share based payments			(653)
Operating profit			**3,572**
Financial expense			(370)
Share of profit of jointly controlled entities			59
Profit before taxation from continuing operations			**3,261**
NET ASSETS			
Segment assets	76,068	17,249	93,317
Segment liabilities	(53,020)	(25,064)	(78,084)
Segment net assets (liabilities)	**23,048**	**(7,815)**	**15,233**
Unallocated net assets			35,080
Total net assets			**50,313**
Depreciation and amortisation	520	627	1,147
Capital expenditure	64	155	219
Capitalised development, patent and software costs	109	899	1,008

Unallocated net assets include goodwill and intangibles (£19.3m), trade and other payables (£0.6m), bank term loans (£19.5m) and net inter-group loan receivables (£35.9m).

2 Segmental reporting *continued*

31 July 2016 (Unaudited)

	Specials £000	Niche £000	Total £000
Result and reconciliation to profit before tax			
Total revenue	32,157	4,023	36,180
Intersegmental	(2,415)	(1,690)	(4,105)
Revenue	**29,742**	**2,333**	**32,075**
Segment adjusted EBITDA	**5,467**	**(165)**	**5,302**
Group cost centres			(640)
Group adjusted EBITDA			**4,662**
Intangible amortisation			(373)
Depreciation			(484)
One off costs			(393)
Deal costs			(62)
Deferred consideration accounted for as remuneration (Lamda)			(962)
Share based payments			(333)
Operating profit			**2,055**
Financial expense			(500)
Share of profit of jointly controlled entities			79
Profit before taxation from continuing operations			**1,634**
NET ASSETS			
Segment assets	94,115	21,687	115,802
Segment liabilities	(56,878)	(20,925)	(77,803)
Segment net assets (liabilities)	**37,237**	**762**	**37,999**
Unallocated net assets			17,636
Total net assets			**55,635**
Depreciation and amortisation	717	140	857
Capital expenditure	153	351	504
Capitalised development, patent and software costs	396	2,014	2,410

Unallocated net assets include goodwill and intangibles (£10.0m), trade and other payables (£2.9m), bank term loans (£29.4m), net inter-group loan receivables (£25.9m) and net assets in relation to discontinued operations (£14.0m).

3 Discontinued operations

NuPharm Laboratories Limited ('NuPharm') was classified as a discontinued activity in the financial year ended 31 January 2017. The prior period results ended 31 July 2016 have been restated to account for NuPharm as a discontinued activity and record a loss after tax of £0.6m for that period. There has been no activity by NuPharm in the current period.

Total Medication Management Services Limited (trading as Biodose Services) was disposed of in June 2017 and its loss after tax of £0.2m (H1 2017: £0.2m, FY 2017: £0.2m) has been accounted for as a discontinued activity in the current period. Both the prior period for the six months ended 31 July 2016 and the financial year ended 31 January 2017 have been restated to classify Biodose Services as a discontinued activity.

	(Unaudited) 6 months ended 31 July 2017 £000	(Unaudited) 6 months ended 31 July 2016 £000	(Audited) Year ended 31 January 2017 £000
Revenue	**12,287**	10,732	23,736
Cost of sales	**(11,663)**	(10,530)	(23,721)
Gross profit	**624**	202	15
Other operating income	**-**	31	86
Distribution expenses	**(156)**	(161)	(341)
Administrative expenses	**(525)**	(655)	(2,356)
Intangible amortisation	**-**	(138)	(11,798)
Depreciation	**(20)**	(131)	(282)
Loss on disposal of subsidiary undertaking	**(109)**	-	-
Operating loss	**(186)**	(852)	(14,676)
Financial expense	**-**	-	-
Loss before tax from discontinued operations	**(186)**	(852)	(14,676)
Taxation			
Current tax credit	**3**	-	45
Deferred tax credit	**-**	25	677
Loss for the year from discontinued operations	**(183)**	(827)	(13,954)
The major classes of assets and liabilities directly attributable to the discontinued operation are:			
Non-current assets	**-**	14,828	1,956
Inventories	**-**	721	549
Trade and other receivables	**-**	2,584	3,468
Cash and cash equivalents	**-**	1,811	1,831
Trade and other payables	**-**	(4,719)	(6,488)
Provisions	-	(647)	(459)
Tax liabilities	**-**	(574)	-

3 Discontinued operations *continued*

The Group disposed of Biodose Services on 26 June 2017 and received gross consideration of £1.75m. This disposal reduced the Group's assets and liabilities as follows:

Net assets	**(Unaudited) 31 July 2017 £000**
Property, plant & equipment	95
Working capital	(1,430)
Cash	1,286
Net identifiable assets and liabilities	(49)
Goodwill	1,841
Loss on disposal of subsidiary undertaking	(109)
Net consideration	**1,683**
Satisfied by:	
Cash	1,750
Fees incurred on sale of business	(67)
Net consideration	**1,683**

The table below reconciles reported revenue, operating profit and adjusted EBITDA to their restated equivalents following classification of NuPharm and Biodose Services as discontinued operations:

	(Unaudited) 6 months ended 31 July 2017 £000	(Unaudited) 6 months ended 31 July 2016 £000
Revenue as reported	**36,203**	42,807
Restatement for discontinued operations	**-**	(10,732)
Restated revenue	**36,203**	32,075
Adjusted EBITDA as reported	**5,742**	4,161
Restatement for losses from discontinued operations	**-**	501
Restated adjusted EBITDA	**5,742**	4,662
Intangible asset amortisation	**(744)**	(373)
Depreciation	**(403)**	(484)
Deferred consideration (Lamda)	**(370)**	(962)
Share-based payments	**(653)**	(333)
Other exceptional items	**-**	(455)
Restated operating profit	**3,572**	2,055
Discontinued operations previously reported as continuing	**-**	(852)
Operating profit as reported	**3,572**	1,203

4 Earnings per share

	(Unaudited) Continuing operations 6 months ended 31 July 2017	**(Unaudited) Total Group 6 months ended 31 July 2017**	(Unaudited) Continuing operations 6 months ended 31 July 2016	(Unaudited) Total Group 6 months ended 31 July 2016	(Audited) Continuing operations for the year ended 31 January 2017	(Audited) Total Group for the year ended 31 January 2017
Profit (loss) attributable to equity shareholders of the parent (£000)	**2,965**	2,782	1,789	962	(8,812)	(22,766)
Basic weighted average number of shares ('000)	**169,118**	169,118	125,000	125,000	134,764	134,764
Dilutive potential ordinary shares ('000)	**13,434**	13,434	-	-	-	-
Diluted weighted average number of shares ('000)	**182,552**	182,552	125,000	125,000	134,764	134,764

	(Unaudited) 6 months ended 31 July 2017	(Unaudited) 6 months ended 31 July 2016	(Audited) Year ended 31 January 2017
	Pence	Pence	Pence
Basic earnings (loss) per share	1.7	0.8	(16.9)
Diluted earnings (loss) per share	1.5	0.8	(16.9)
Basic earnings (loss) per share – continuing operations	1.8	1.4	(6.5)
Diluted earnings (loss) per share – continuing operations	1.6	1.4	(6.5)
Basic loss per share – discontinued operations	(0.1)	(0.6)	(10.4)
Diluted loss per share – discontinued operations	(0.1)	(0.6)	(10.4)

The dilutive potential ordinary shares relate to the share options.

4 Earnings per share *continued*

	(Unaudited) 6 months ended 31 July 2017 £000	(Unaudited) 6 months ended 31 July 2016 £000	(Audited) Year ended 31 January 2017 £000
Profit (loss) after tax	**2,965**	1,789	(8,812)
Add back:			
Impairment of intangible assets	**-**	-	9,403
Impairment of investment	**-**	-	105
Board restructuring	**-**	-	1,085
One off costs	**-**	393	-
Share based payments	**653**	333	706
Deal costs	**-**	62	-
Niche reorganisation	**-**	-	2,666
Non-recurring costs	**-**	-	492
Finance costs	**-**	-	103
Deferred consideration accounted for as remuneration (Lamda)	**370**	962	1,977
Less tax associated with adjustments	**-**	(91)	(869)
Adjusted profit after tax	**3,988**	3,448	6,856

The adjusted EPS, based on the adjusted earnings above for the period from continuing operations and weighted number of shares in issue of 169,118,000 *(31 July 2016: 125,000,000)* is 2.4 pence *(31 July 2016: 2.8 pence)*.

The adjusted diluted earnings per share based on the adjusted earnings from continuing operations above and a weighted average number of shares of 182,552,000 *(31 July 2016: 125,000,000)* is 2.2 pence *(31 July 2016: 2.8 pence)*.

5 Intangible assets

	Software development £000	Development costs £000	Patents & trade-marks £000	Customer relationship £000	Goodwill £000	Total £000
Cost						
Balance at 1 February 2016	282	11,718	299	4,515	72,659	89,473
Internal developments	-	2,318	-	-	-	2,318
External purchases	92	-	-	-	-	92
Balance at 31 July 2016	374	14,036	299	4,515	72,659	91,883
Balance at 1 August 2016	374	14,036	299	4,515	72,659	91,883
Internal developments	-	1,717	-	-	-	1,717
External purchases	(20)	-	140	-	-	120
Reclassified from tangible assets	519	-	-	-	-	519
Transfers	(142)	142	-	-	-	-
Balance at 31 January 2017	731	15,895	439	4,515	72,659	94,239
Balance at 1 February 2017	731	15,895	439	4,515	72,659	94,239
Internal developments	-	982	-	-	-	982
External purchases	26	-	-	-	-	26
Business disposed	-	-	-	-	(1,841)	(1,841)
Balance at 31 July 2017	**757**	**16,877**	**439**	**4,515**	**70,818**	**93,406**

5 Intangible assets *continued*

Amortisation and impairment	Software development £000	Development costs £000	Patents & trade-marks £000	Customer relationship £000	Goodwill £000	Total £000
Balance at 1 February 2016	2	649	100	831	9,459	11,041
Amortisation for the period	-	270	15	226		511
Balance at 31 July 2016	2	919	115	1,057	9,459	11,552
Balance at 1 August 2016	2	919	115	1,057	9,459	11,552
Amortisation for the period	46	1,274	14	156		1,490
Impairment	-	7,910	249	2,439	10,854	21,452
Reclassified from tangible assets	252	-	-	-		252
Balance at 31 January 2017	300	10,103	378	3,652	20,313	34,746
Balance at 1 February 2017	300	10,103	378	3,652	20,313	34,746
Amortisation for the period	75	566	16	87		744
Balance at 31 July 2017	**375**	**10,669**	**394**	**3,739**	**20,313**	**35,490**
Net book value						
At 31 July 2016	372	13,117	184	3,458	63,200	80,331
At 31 January 2017	431	5,792	61	863	52,346	59,493
At 31 July 2017	**382**	**6,208**	**45**	**776**	**50,505**	**57,916**

Impairment and amortisation

The impairment and amortisation charges are recognised in the following line items in the consolidated income statement

	(Unaudited) 6 months ended 31 July 2017	(Unaudited) 6 months ended 31 July 2016	(Audited) Year ended 31 January 2017
	£000	£000	£000
Administrative expenses	744	511	11,195
Discontinued operations	-	-	12,258
	744	511	23,453

6 Net Debt

	(Unaudited) 6 months ended 31 July 2017 £000	(Unaudited) 6 months ended 31 July 2016 £000	(Audited) Year ended 31 January 2017 £000
Cash and Cash equivalents	7,664	5,560	7,941
Other interest bearing loans and borrowings	(19,519)	(29,399)	(20,960)
Net debt	(11,855)	(23,839)	(13,019)

The Group's banking facilities comprise a £25m term loan and a £10m revolving credit facility. . The term loan outstanding (net of unamortised loan issues costs) of £19.5m amortises by quarterly repayments of £0.75m until July 2019 when the remaining balance is repayable in full. .

7 Forward Looking Statements

This announcement and the half year results contain certain projections and other forward-looking statements with respect to the financial condition, results of operations, businesses and prospects of Group. Whilst these statements are made in good faith based on the current expectation and beliefs of the Directors of the Company, they 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. Quantum 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. Nothing in this announcement or half year forecasts should be construed as a profit forecast.

Non-GAAP measures definitions

Metric	Description	Why we use it
Adjusted EBITDA	Adjusted EBITDA is statutory operating profit excluding: ▪ Depreciation and impairments of tangible non-current assets; ▪ Amortisation and impairments of intangible non-current assets; ▪ Items that management judge to be one-off or non-operational; and ▪ Acquisition-related items.	Adjusted EBITDA is profitability stated before the non-cash accounting impact of depreciation, amortisation, impairments, fair value adjustments and share-based payments, and excludes the potentially distorting effects of non-recurring and non-operational items. This is the measure management use internally to assess the underlying trading performance of the business.
Adjusted earnings per share	Adjusted earnings per share is adjusted profit after tax divided by the weighted average number of ordinary shares in issue during the financial year. Adjusted profit after tax is adjusted EBITDA: ▪ Less depreciation and amortisation; ▪ Less net financing expenses; ▪ Plus the Group's share of profit of equity-accounted investees, net of tax; ▪ Includes an accrued charge or credit for corporation tax on taxable profits; and ▪ Includes movement in provisions for deferred tax. All adjustments made to adjusted EBITDA as set out in the definition above are net of tax where applicable. A reconciliation to earnings per share is provided in note 4 of this announcement.	Adjusted earnings per share (and the growth or contraction versus previous periods) allows management to assess the post-tax underlying trading performance of the business in combination with the impact of capital structuring actions on the share base (e.g. as a result of a share issue or a share buyback programme).
Net debt	Net debt comprises: ▪ The carrying value of all bank term loans; ▪ The carrying value of all drawn revolving credit facilities and overdrafts; and ▪ Unamortised loan issue costs. Less: ▪ Cash and cash equivalents. All amounts are closing balances as at the relevant balance sheet date. A breakdown of net debt is set out on page 12.	This represents the amount of the Group's funding structure that is provided through debt finance.

- Ends -