UDG Healthcare plc
Interim Report 2017

23 May 2017: UDG Healthcare plc ("UDG Healthcare" or "Group"), a leading international healthcare services provider, announces its results for the six months to 31 March 2017, after a period of strong financial growth and continued progress on the Group's key strategic initiatives.

Financial Results – six months to 31 March 2017

	IFRS based $'m	Adjustments[1] $'m	**Adjusted $'m**	**Increase/ (decrease) on 2016 %**	**Constant currency Increase/ (decrease) on 2016 %**
Continuing operations					
Revenue	578.9	-	**578.9**	**8**	**15**
Operating profit	46.8	12.0	**58.8**	**13**	**21**
Profit before tax	40.9	12.0	**52.9**	**19**	**29**
Diluted earnings per share (cent)	12.51	3.72	**16.23**	**19**	**29**
Discontinued operations[2]					
Diluted earnings per share (cent)	-	-	**-**	**(100)**	**(100)**
Total diluted earnings per share (cent)	12.51	3.72	**16.23**	**(21)**	**(15)**
Dividend per share (cent) [3]	3.58	-	**3.58**	**5**	**5**

	31 March 2017	**30 September 2016**	**31 March 2016**
Net cash/(debt) ($'m)	91.1	143.2	(259.6)
Net cash/(debt)/annualised EBITDA	0.61	1.03	(1.69)

Non-IFRS information

The Group reports certain financial measures that are not required under International Financial Reporting Standards (IFRS) which represent the generally accepted accounting principles (GAAP) under which the Group reports. The Group believes that the presentation of these non-IFRS measures provides useful supplemental information which, when viewed in conjunction with our IFRS financial information, provides investors with a more meaningful understanding of the underlying financial and operating performance of the Group and its divisions. These measures are also used internally to evaluate the historical and planned future performance of the Group's operations and to measure executive management's performance based remuneration. **Reference to these performance measurements throughout this report are to the adjusted measurements unless otherwise stated and these adjusted measures are explained on pages 39-43.**

[1] Adjusted operating profit, profit before tax and diluted EPS are stated before the amortisation of acquired intangible assets ($10.2m, pre-tax) and transaction costs ($1.8m, pre-tax).

[2] The Group has classified its joint venture arrangement with Magir Limited as a discontinued operation and an asset held for sale. The Group did not recognise an operating profit contribution from the asset in the period. The discontinued operations in the prior period also included United Drug Supply Chain Services, United Drug Sangers, TCP Group and MASTA. The Group's disposal of these operations was completed on 1 April 2016.

[3] The interim dividend in the prior period of 3.41 $ cent (3.05 € cent) has been translated at the dividend record date spot exchange rate of $0.8954 = €1.

Financial highlights (Continuing Group)

- Diluted earnings per share[1] (EPS) from continuing operations increased by 19% (29% on a constant currency basis), aided by acquisitions and other timing benefits during the first half of the financial year.
- Guidance for full year constant currency continuing Group diluted earnings per share[1] (EPS) increased from a range of 13% to 16% previously, to be between 15% and 18% ahead of last year (including the acquisitions below).
- Revenue growth of 8% (15% on a constant currency basis) to $578.9 million.
- Operating profit[1] growth of 13% (21% on a constant currency basis) to $58.8 million.
- Operating margin[1] increased from 9.7% to 10.2%. Net operating margin[3] increased from 11.4% to 12.0%.
- Profit before tax[1] up 19% (29% on a constant currency basis).
- Total Group EPS[1] down 21% (15% constant currency) due to the sale of the United Drug businesses in April 2016.
- 5% increase in interim dividend to 3.58 cent per share.
- Net cash of $91 million at 31 March 2017.
- Return on capital employed (ROCE) at 31 March 2017 was 13.8%, up from 13.5% at 31 March 2016.

Strategic & operating highlights

- Ashfield's operating profit[1] increased by 18% (underlying growth[2] of 8%), driven by a combination of organic and acquisition growth. STEM and Pegasus have performed well since acquisition.
- Agreement to acquire Sellxpert, a German contract sales organisation reached in May 2017, for a total consideration of up to $14.4 million, subject to competition authority approval.
- Sharp's operating profit[1] increased by 8% (underlying growth[2] of 8%), driven by continued growth in Sharp US and an improvement in Sharp Europe.
- Two capacity expansion initiatives in Sharp announced in April 2017, across commercial and clinical packaging.
- Aquilant's underlying operating profit[2] increased by 6% with reported performance negatively impacted by adverse currency translation movements.

Chief Executive's comment

Commenting on the performance, UDG Healthcare plc Chief Executive Officer, Brendan McAtamney said:

"The first half of 2017 has been another very progressive period for UDG Healthcare, with strong growth delivered and continued progress made in pursuit of the Group's strategic objectives. The continuing Group's earnings per share increased by 19% (29% on a constant currency basis), driven by continued momentum in underlying profit growth and a strong performance by our recent acquisition, STEM.

The Group is increasing its guidance for constant currency diluted earnings per share[1] (EPS) for the year to 30 September 2017 by 2% to a range of between 15% and 18% ahead of last year."

[1] Before the amortisation of acquired intangible assets and transaction costs.
[2] Underlying growth is reported growth adjusted for the impact of currency translation movements and any acquisition or disposal activity.
[3] Operating margin as a percentage of net revenue. Net revenue represents gross revenue adjusted for revenue associated with pass-through costs, for which the Group does not earn a margin.

Group development and outlook

Management and Board changes
In early May 2017, Jez Moulding was appointed Chief Operating Officer of the Group and Executive Vice President of Ashfield. Jez has over 20 years of senior international leadership and pharmaceutical experience focused on the Group's key global markets, predominantly gained in various roles for Sanofi. Jez's appointment will strengthen the Group's senior management team and support the continued international growth of the Group.

In April 2017, Myles Lee joined the Board as a Non-Executive Director. Mr Lee is a former Group Chief Executive of CRH plc, a FTSE100 and Fortune 500 company.

Corporate development activity
The Group continues to be active from a corporate development perspective. In October 2016, the Group completed the acquisition of STEM which has performed well during the period. It is worth noting that STEM's activity levels are weighted towards the first half of the Group's financial year, as fewer audits are carried out during the summer period.

In May 2017, the Group announced the acquisition of Sellxpert GmbH ("Sellxpert"), a German contract sales outsourcing business for a total potential consideration of up to $14.4 million, subject to competition authority approval. The acquisition of Sellxpert will strengthen Ashfield Commercial & Clinical's presence and capabilities in Germany.

As at 31 March 2017, the Group was in a net cash position and will continue to focus on delivering organic growth and executing strategic acquisition opportunities, complementary to the Group's existing high growth businesses.

Sharp and Ashfield expansion
In April 2017, Sharp announced two further capacity expansion initiatives. In the US, Sharp acquired a pharmaceutical grade packaging facility close to its existing sites for $14 million. This will provide additional capacity across both commercial and clinical trial packaging services.

In the UK, Sharp is investing $11 million in its clinical packaging business with the purchase of a new facility in South Wales, more than tripling the size of the current UK facility. The fit out of this facility is expected to be completed by late 2018.

These expansion initiatives follow on from the completion of the build and fit out of a new packaging facility in Pennsylvania in 2016, which increased Sharp's US business commercial packaging capacity by approximately 30%. These capacity expansions will enable Sharp to capitalise on the ongoing growth in demand for both commercial and clinical packaging services.

To facilitate the continued growth of the Ashfield business, Ashfield's US Commercial & Clinical operations completed the move to its new leased office facility in Pennsylvania in April 2017. This facility is 60% larger than the previous premises and will support the continued expansion of Ashfield in the strategically important US market.

These expansion initiatives are consistent with the Group's strategy of expanding capacity to support new and existing clients. This leaves the Group well positioned to benefit from the positive growth outlook in the outsourced healthcare services market and the market opportunities that this will present.

Future Fit
The Group remains focused on investing in scalable infrastructure across HR, Finance and IT to support the continued delivery of sustainable future growth. As part of this project, the Group launched its Human Resource Information System, *Workday*, in April 2017. In addition, the implementation of Ashfield's new finance system is being rolled-out on a phased basis over the next 18 months.

These investments will support the Group's future growth and ensure it is well placed to manage existing businesses and integrate future acquisitions.

Reporting currency
The Group announced in August 2016 that from the beginning of the new financial year on 1 October 2016, the Group would change its reporting currency to US Dollar. This 2017 Interim Report is the first set of results which the Group has presented in US Dollar. Please see note 19 for further details on the change in presentational currency.

Outlook
The Group is well positioned to deliver continued growth both organically and through strategic acquisitions, and remains focused on increasing its scale and building on its leading market positions.

Based on improved underlying trading performance and the benefit of the Sellxpert acquisition, the Group is increasing its guidance for continuing Group constant currency adjusted diluted earnings per share (EPS) for the year to 30 September 2017 from a range of 13% to 16% previously, to be between 15% and 18% ahead of last year.

While constant currency adjusted diluted EPS growth was 29% in H1 2017, the Group does not expect this growth rate to be representative of the full year outcome. Underlying operating profit growth of 8% during H1 2017, was supplemented by:

- the acquisition of Pegasus in April 2016;
- STEM's seasonally stronger first half of the financial year due to higher audit activity levels;

- a decrease in net interest costs compared to the prior year period following the repayment of the RCF bank facility in April 2016; and
- no Future Fit operating costs (commenced in April 2017).

The average 2016 financial year exchange rates were $1:€0.9002 and $1:£0.7045. The average exchange rates during H1 2017 were $1:€0.9330 and $1:£0.8066 (2016 H1 $1:€0.9102 and $1:£0.6787). Based on the current prevailing exchange rates, the Group is likely to face a foreign exchange headwind on the translation of non-US profits in FY17.

The Group expects to continue its 30+ year history of dividend growth in FY17. The Board has declared an interim dividend of 3.58c per share, a 5% increase on the 2016 interim dividend.

Preliminary Results
The Group will issue preliminary results for the year to 30 September 2017 on Tuesday, 28 November 2017.

Analyst presentation
A presentation for investors and analysts will be held at the London Stock Exchange at 8.30 GMT today, Tuesday, 23 May 2017. If you wish to attend, please contact Powerscourt. Alternatively, to dial into the conference call or webcast, the details are as follows:

Audio webcast
http://edge.media-server.com/m/p/ee9kdegt

Conference call
UK number: + 44 20-3427-1903
Ireland number: + 353-1-246-5603
US number: + 1-646-254-3388
Participant code: 1935522

If you wish to ask questions, please do so via the conference call.

A replay of the audio webcast can be accessed via the same webcast link above.

Review of Operations
for the six months to 31 March 2017

Ashfield

Six months to 31 March	2017 $'m	2016 $'m	*Actual Growth*	*Underlying Growth[2]*
Gross revenue				
Commercial & Clinical	**285.9**	260.9	*10%*	*17%*
Communications (including Advisory)	**94.0**	78.0	*21%*	*(3%)*
Total gross revenue	**379.9**	338.9	*12%*	*13%*
Net revenue[1]				
Commercial & Clinical	**208.1**	193.5	*8%*	*14%*
Communications (including Advisory)	**80.9**	65.7	*23%*	*(3%)*
Total net revenue	**289.0**	259.2	*12%*	*10%*
Operating profit				
Commercial & Clinical	**17.3**	16.6	*4%*	*8%*
Communications (including Advisory)	**19.1**	14.2	*35%*	*7%*
Total operating profit	**36.4**	30.8	*18%*	*8%*
Operating margin				
Operating margin (on gross revenue)	**9.6%**	9.1%		
Net operating margin (on net revenue)	**12.6%**	11.9%		

[1] Net revenue represents gross revenue adjusted for revenue associated with pass-through costs, for which the Group does not earn a margin. There are no pass-through costs in Sharp or Aquilant.
[2] Underlying growth adjusts for the impact of currency translation movements and any acquisition or disposal activity.

Ashfield delivered a strong financial performance in H1 2017, benefiting from both good organic growth and acquisitions completed in 2016. Net revenue was up 12% to $289.0 million and operating profit up 18% to $36.4 million.

Adjusting for the negative impact of currency translation movements and the contribution of acquisitions, Ashfield generated 10% underlying net revenue growth and underlying operating profit growth of 8%. Operating margin increased to 9.6%, while net operating margin (allowing for pass-through costs) increased to 12.6%.

Ashfield Commercial & Clinical generated good growth during the period with underlying operating profit growth of 8%. This was principally due to a strong performance in North America, driven by increased activity levels with one client. Ashfield's North American Commercial & Clinical operations recently completed the move to new offices in Pennsylvania ensuring the business has capacity for future growth. The European business demonstrated good growth with particularly strong growth in Germany.

The acquisition of Sellxpert, which remains subject to competition authority approval, will strengthen Ashfield Commercial & Clinical's presence and capabilities in Germany and Ashfield's leading market position in Europe.

Ashfield Communications delivered strong growth during the period with net revenue up 23% and operating profit up 35% including the benefit of the acquisitions of STEM and Pegasus during 2016. STEM has performed particularly well during the seasonally stronger first half of the financial year. While underlying net revenue growth was 3% behind, underlying profit was 7% ahead of the prior period due to higher growth from higher margin services.

Sharp

	2017 $'m	2016 $'m	*Actual Growth*	*Underlying Growth[1]*
Revenue				
US	**124.1**	118.8	*4%*	*4%*
Europe	**28.6**	26.6	*7%*	*17%*
Total revenue	**152.7**	145.4	*5%*	*7%*
Operating profit/(loss)				
US	**19.0**	18.1	*5%*	*5%*
Europe	**0.2**	(0.3)	-	-
Total operating profit	**19.2**	17.8	*8%*	*8%*
Operating margin %	**12.6%**	12.2%		

[1] Underlying growth adjusts for the impact of currency translation movements. There was no acquisition or disposal activity in 2016 or H1 2017.

Sharp delivered a good performance in H1 2017, with revenues up 5% to $152.7m and operating profit up 8% to $19.2m. Adjusting for the negative impact of currency translation movements, the division generated underlying revenue growth of 7% and underlying operating profit growth of 8%. Operating margins increased to 12.6% during the period.

Sharp US delivered good growth during the period compared to a strong comparable prior period. Underlying trading performance across all packaging formats was good, with biotech being particularly strong.

Sharp's new commercial packaging facility in Pennsylvania opened in 2016 and is ramping up in line with expectations. In addition, a new US packaging site was acquired in April 2017 to expand the commercial and clinical offering to the Group's US clients, albeit this will have no material profit impact this year.

Sharp Europe generated underlying revenue growth of 17% and moved into profit during the period. The business development pipeline continues to improve and the Group remains increasingly optimistic about the prospects for the Sharp Europe business. However, given the longer lead times required in packaging services, the Group does not anticipate a significant improvement in performance until FY18 and FY19.

US and European legislation requires the mandatory serialisation of prescription medicines from late November 2017 in the US and February 2019 in Europe. The Group expects the benefit of serialisation to be weighted towards the second half of the calendar year.

Over the past 18 to 24 months, Sharp has significantly invested in its infrastructure, to ensure it is well positioned to meet the expected demand from both its existing and new clients for serialisation services. Additionally, Sharp continues to invest in high quality, FDA approved packaging facilities to expand capacity to meet increasing demand for its services. This leaves the business well positioned for continued growth from both new and existing clients.

Aquilant

	2017 $'m	2016 $'m	*Actual Growth*	*Underlying Growth*[1]
Revenue	**46.3**	53.7	*(14%)*	*(2%)*
Operating profit	**3.2**	3.6	*(11%)*	*6%*
Operating margin %	**7.0%**	6.8%		

[1] Underlying growth adjusts for the impact of currency translation movements. There was no acquisition or disposal activity in 2016 or H1 2017

Revenue was 14% behind the prior period, however, adjusting for negative currency translation movements, underlying revenue was only marginally behind the prior period.

Reported operating profit was 11% behind the prior period, also primarily due to adverse currency translation movements. Underlying operating profit was 6% ahead of the prior period reflecting an improved sales mix, the benefit of new business which came on stream in 2016 and an improving capital sales profile.

For further information, please contact:

Investors and Analysts:
Alan Ralph
CFO
UDG Healthcare plc
Tel: + 353-1-468-9000

Keith Byrne
Head of IR, Strategy & Corporate Communications
UDG Healthcare plc
Tel: + 353-1-468-9000

Business / Financial media:
Lisa Kavanagh / Jack Hickey
Powerscourt
Tel: + 44-207-250-1446

About UDG Healthcare plc

UDG Healthcare plc (LON: UDG) is a leading international partner of choice delivering commercial, clinical, communications and packaging services to the healthcare industry, employing over 8,000 people with operations in 23 countries and delivering services in over 50 countries.

UDG Healthcare plc operates across three divisions: Ashfield, Sharp and Aquilant.

Ashfield is a global leader in commercialisation services for the pharmaceutical and healthcare industry, operating across two broad areas of activity: commercial & clinical services, and communications services. It focuses on supporting healthcare professionals and patients at all stages of the product life cycle. The division provides field and contact centre sales teams, healthcare communications, patient support, audit, advisory, medical information and event management services to over 300 healthcare companies.

Sharp is a global leader in contract commercial packaging and clinical trial packaging services for the pharmaceutical and biotechnology industries, operating from state of the art facilities across the US and Europe. Sharp is also a world leader in 'Track and Trace' serialisation services, which will require all prescription drugs to have a unique serial code for authentication and traceability.

Aquilant is a leading provider of outsourced sales, marketing, distribution and engineering services to the medical and scientific sectors in the UK, Ireland and the Netherlands.

The company is listed on the London Stock Exchange and is a constituent of the FTSE 250.

For more information, please go to: www.udghealthcare.com

Forward-looking information

Some statements in this announcement are or may be forward looking statements. They represent expectations for the Group's business, including statements that relate to the Group's future prospects, developments and strategies, and involve risks and uncertainties both general and specific. The Group has based these forward-looking statements on assumptions regarding present and future strategies of the Group and the environment in which it will operate in the future. However, because they involve known and unknown risks, uncertainties and other factors including but not limited to general economic, political, financial and business factors, which in some cases are beyond the Group's control, actual results, performance, operations or achievements expressed or implied by such forward looking statements may differ materially from those expressed or implied by such forward-looking statements and accordingly you should not rely on these forward looking statements in making investment decisions. Except as required by applicable law or regulation, neither the Group nor any other party intends to update or revise these forward looking statements after the date these statements are published, whether as a result of new information, future events or otherwise.

Finance Review

for the six months to 31 March 2017

Revenue

Revenue for the period of $578.9 million was 8% ahead of 2016. Ashfield reported revenue 12% ahead of the prior period (up 12% excluding pass through revenue) and Sharp reported revenue 5% ahead of the prior period. Aquilant revenue was 14% down on 2016, however, adjusting for negative currency translation movements, underlying revenue was only marginally behind the prior period.

Adjusted operating profit

Adjusted operating profit from continuing operations of $58.8 million is 13% ahead (21% on a constant currency basis) of H1 2016. Further details on the principal exchange rates used are provided in note 17.

Adjusted operating margin

The adjusted operating margin for the businesses for the period of 10.2% increased from 9.7% in H1 2016. This continues the upward trend in operating margin in recent years as the Group focuses on operating efficiencies and achieving faster growth from businesses with higher operating margins.

Adjusted profit before tax

Net interest costs for the period of $5.9 million are 25% lower than H1 2016. This delivered a profit before tax of $52.9 million which is 19% ahead of 2016 (29% on a constant currency basis).

Taxation

The effective taxation rate has decreased from 24.0% in H1 2016 to 23.8% in H1 2017.

Adjusted diluted earnings per share

Continuing Group earnings per share is 19% ahead (29% on a constant currency basis) of H1 2016 at 16.23 cent.

Foreign exchange

The Group operates in 23 countries, delivering services in over 50 countries, with its primary foreign exchange exposure being the translation of local income statements and balance sheets into US Dollar for Group reporting purposes. The primary non-Dollar currencies are Sterling and Euro and their exchange rates for 2016 and 2017 are outlined in note 17. The Sterling exchange rate depreciated significantly in 2016. The retranslation of overseas profits to US Dollar has reduced constant currency EPS growth of 29% to a reported EPS growth rate of 19%.

Discontinued operations

The Group has classified its joint venture arrangement with Magir Limited as a discontinued operation and an asset held for sale. The Group did not recognise an operating profit contribution from the asset in the period. Discontinued operations in the prior period also included United Drug Supply Chain Services, United Drug Sangers, TCP Group and MASTA, which were disposed of on 1 April 2016.

Cash flow

Net cash increased by $350.7 million to $91.1 million (31 March 2016: net debt $259.6 million). This was primarily as a result of the disposal of the United Drug Supply Chain businesses and MASTA in H2 2016. Net cash has decreased by $52.1 million since 30 September 2016 primarily due to the acquisition of STEM. The net cash inflow from operating activities was $59.1 million.

$27.5 million was invested in our operations in property, plant and equipment and computer software. This includes IT investment to enable our businesses to grow in an efficient manner and investment in the new facility in Sharp UK. $59.9 million was paid in consideration for the acquisition of STEM, while the Group also paid $0.2 million in deferred contingent consideration associated with prior year acquisitions. Dividend payments of $22.4 million relating to the final 2016 dividend were made during the period. Foreign exchange translation reduced cash balances by $15.4 million.

Balance sheet

Net cash at the end of the period was $91.1 million ($365.5 million cash and $274.4 million debt). The net cash/(debt) to annualised EBITDA ratio is 0.61 times cash (2016: 1.69 times debt) and net interest is covered 13.4 times (2016: 11.3 times) by annualised EBITDA. Financial covenants in our principal debt facilities are based on net debt to EBITDA being less than 3.5 times and EBITDA interest cover being greater than three times.

Return on capital employed

The ROCE for continuing operations was 13.8%, up from 13.5% at 31 March 2016.

The Group targets ROCE of 15% within three years for all investments. The Group has invested significantly in acquisitions and capital expenditure in recent years and we anticipate that organic growth in future years will increase Group ROCE to the targeted 15% level.

Dividends
The directors are proposing an interim dividend of 3.58 $ cent per share representing an increase of 5% on the 2016 interim dividend. The interim dividend is payable to shareholders on the Company's register at 5.00 pm on 2 June 2017 and will be paid on 27 June 2017. The Euro and Sterling exchange rates applied to the payment of the interim dividend will be set on 2 June 2017.

Investor relations
UDG Healthcare's senior management team spend a significant amount of time meeting with shareholders and the international financial community. We have invested in dedicated investor relations resources and are focused on increasing the awareness of the Company among the investor and analyst community.

We communicate regularly with our shareholders throughout the year, specifically following the release of our interim and preliminary results, and at the time of major developments. Our website www.udghealthcare.com, is the primary method of communication for the majority of our shareholders. We publish our annual report, preliminary results and other public announcements on our website. In addition, details of our conference calls and presentations are available through our website.

The Board of Directors considers it important to understand the views of shareholders and receive regular updates on investor perceptions.

Our investor relations department provides a point of contact for shareholders and full contact details are set out in the investor relations section of our website. Shareholders can also submit an information request through the shareholder services section of our website.

Principal risks and uncertainties

The Transparency (Directive 2004/109/EC) Regulations 2007 require the disclosure of the principal risks and uncertainties which could have a material impact on the Group's performance over the remainder of the financial year.

The Group operates within a highly regulated environment and the expectations of our key stakeholders, which include our clients and regulators, are very high. Our services include communicating to healthcare professionals, appropriate product use, pharmaceutical packaging and the distribution of pharmaceutical products for normal use or clinical trials. We focus on making sure that we deliver these services correctly and in a compliant way. However, failure to do so could result in adverse consequences for patients and our clients, so the risks that we face in delivering our services are potentially significant.

The Group's ability to avoid or mitigate these risks is underpinned by detailed risk registers maintained by each of the Group's divisions and business units. These risk registers identify the risks, as well as the plans for addressing them, and the consolidated Group risk register is reviewed by the executive directors on a regular basis. The consolidated risk register is also reviewed by the Risk, Investment and Finance Committee and the Chairman of that committee reports to the Board on the outcome of each review.

The principal risks and uncertainties identified by the risk management process as facing the Group are detailed below:

Operational

Risk	**Impact**	**Mitigation**
Integration	Acquisitive growth remains a core element of the Group's strategy. A failure to execute and properly integrate acquisitions, capitalise on the synergies they bring and/or maintain and develop their talent pool, may adversely affect the Group.	All potential acquisitions are assessed and evaluated to ensure the Group's defined strategic and financial criteria are met. A discrete integration process and post integration review is developed for each acquisition. This process is supported by experienced management with a view to achieving identified benefits, cultivating talent and minimising general and specific integration risks.
Client diversification	As the Group's activities consolidate and further acquisitions are completed, the Group's client base may become more concentrated making the Group more susceptible to competitive, client merger or procurement led threats.	In individual business units where there is a high dependence on a small number of key clients the threats and opportunities leading from that are reviewed by divisional management at each business review. The impact that any potential acquisition may have on client concentration is considered as part of the acquisition assessment process.
Regulatory	The Group has many legal and regulatory obligations, including in respect of:(a) protection of patient information (such as HIPAA and GDPR);(b) patient and employee health and safety; and(c) promotional spend. In addition, many of the Group's activities are subject to stringent licensing regulations. A failure to meet any of these could result in products and services being defective, harming patients and/or giving rise to very significant liability.	Maintenance of legal, regulatory and quality standards is a core value of the Group. We continue to build and review our quality and compliance management systems to ensure that they are fit for purpose in the context of the Group's strategy and its legal and regulatory obligations. These reviews are supported by corporate audits on compliance, quality and environment, health and safety.
Patient risk	Throughout the Group medicines and medical devices can be packaged, supplied or administered directly to patients. The risk of inappropriate packaging, supply or administration could lead to a negative patient experience.	Packaging and supply activity is carried out under licence and a contract with the marketing authorisation holder (MAH). This requires a regulated quality management system to ensure the integrity of the packaged product and the supply chain. Increasing levels of automation are being put in place to significantly reduce the potential for a mix-up. Administration of medicines to patients is covered by a detailed client contract with the MAH and a divisional clinical governance framework. All of these processes are subject to risk assessment, training, management review and internal quality audits.

Principal risks and uncertainties (continued)

Risk	Impact	Mitigation
Talent	The success of the Group is built upon effective management teams that consistently deliver superior performance. If the Group cannot attract, retain or develop suitably qualified, experienced and motivated employees, this could have an impact on business performance.	The talent requirements of the Group are monitored to ensure its management teams meet prevailing requirements in skills, competencies and performance. Remuneration policies, management development, succession planning and the systems for developing talent inherited from our acquisitions have been reviewed and the process of building a One UDG management development programme has started with the Inspire programme and will be developed throughout the coming years.
Organisational design	The continued growth and evolution of the Group requires its organisational design and infrastructure to be subject to review and successful ongoing development. A failure to do so could adversely affect the Group's ability to meet its objectives.	A significant organisational design review and subsequent structure changes has taken place in UDG and Ashfield during 2016 to better align structure with strategy. This will continue to be reviewed by the Board and the Executive at least once per year as part of the annual strategy review.
IT systems	The ability of the Group to provide its services effectively and competitively is dependent on technology and information systems that are appropriately integrated and that meet current and anticipated future business, regulatory and security requirements.	The Group's technology and information systems and infrastructure are the subject of an ongoing programme to ensure that they are capable of meeting the Group's strategic intent and future requirements, whilst further mitigating against systems failures and the increasing threat of external interference.
Business continuity	The Group is exposed to risks that, should they arise, may give rise to the interruption of critical business processes that could adversely impact the Group or its clients.	The Group had developed a business continuity template based on risk and is currently re-working the operational business continuity plans in line with this. Mitigation strategies and continuity plans are part of a structured risk review process.
Contracts	The underlying terms of the Group's commercial relationships drive the profitability of the Group. The nature of the Group's business means that the Group could be exposed to undue cost or liability if it agrees inappropriate terms.	The Group has adopted processes for identifying and mitigating against undue risks in all prospective commercial relationships, supported by personnel with expertise and/or experience in key commercial risk areas.
Financial		
Controls	The Group's resources and finances must be managed in accordance with rigorous standards and stringent controls. A failure to meet those standards or implement appropriate controls may result in the Group's resources being improperly utilised or its financial statements being inaccurate or misleading.	The financial controls of the Group, as well as their effectiveness, are monitored by the Board in the context of the standards to which the Group is subject and the expectations of its stakeholders. This monitoring is supported by a dedicated internal audit function. The Group's financial function, systems and controls are also subject to periodic review to ensure that they remain robust and fit for purpose.
Financial instruments	The group is exposed to liquidity, interest rate, currency and credit risks.	The management of the financial risks facing the Group is governed by policies reviewed and approved by the Board. These policies primarily cover liquidity risk, interest rate risk, currency risk and credit risk. The primary objective of the Group's policies is to minimise financial risk at a reasonable cost. The Group does not trade in financial instruments. The Group was in a net cash position as of the 31st March 2017.

Principal risks and uncertainties (continued)

Risk	Impact	Mitigation
Foreign exchange	UDG Healthcare plc's reporting currency is the US Dollar. Given the nature of the Group's businesses, exposure arises in the normal course of business to other currencies, principally Sterling and Euro.	The majority of the Group's activities are conducted in the local currency of the country of operation. As a consequence, the primary foreign exchange risk arises from the fluctuating value of the Group's net investment in different currencies. The 2016 UK vote to leave the European Union has increased the level of exchange rate volatility. The Group changed its reporting currency to US Dollars in FY17 as the US is now the largest source of profit for the Group. Our strategic intent is to proportionally grow the US as a source of earnings at a faster rate than other markets which will lower the foreign exchange risk for the Group.
Brexit	The trading uncertainty associated with Brexit may result in some UDG customers reducing the size of their UK operations or have a negative impact on our ability to conduct business profitably in the UK.	While there has been no indication that the UK market for our services is contracting as a result of the Brexit decision we will continue to monitor the Brexit negotiations to ensure that specific legislation does not have a negative impact on our ability to conduct business profitably in the UK. The overall Group exposure to the UK as a proportion of our total profitability is expected to decline as we acquire businesses with greater exposure to markets other than the UK.
Macroeconomic, geopolitical assumptions and global trends	The global macroeconomic and geopolitical environment may have a detrimental impact on our client base and their propensity to purchase services from third party suppliers. As a result we may be overly exposed to a weakening segment of the market.	The Group continues to review its portfolio of investments through the annual strategic review process and through constant challenge at a Senior Executive and Board level. Acquisitions are sought which improve the balance of our investments and give greater exposure to innovative and growing market segments.

Statement of Directors

in respect of the half-yearly financial report

Each of the directors confirms that to the best of their knowledge and belief:

- the condensed set of interim financial statements comprising the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity, the condensed consolidated balance sheet, the condensed consolidated cash flow statement, and the related notes have been prepared in accordance with IAS 34, Interim Financial Reporting as adopted by the EU;

- the half-yearly financial report includes a fair review of the information required by:

  (a) Regulation 8(2) of the Transparency (Directive 2004/109/EC) Regulations 2007, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

  (b) Regulation 8(3) of the Transparency (Directive 2004/109/EC) Regulations 2007, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last Annual Report that could do so.

The Group's auditor has not reviewed this condensed half-yearly financial report.

On behalf of the Board[(i)]

P. Gray	B. McAtamney
Director	Director

22 May 2017

(i) The Board of UDG Healthcare plc is disclosed on the Company's website, www.udghealthcare.com.

Condensed consolidated income statement

for the six months ended 31 March 2017

	Notes	**Six months ended 31 March 2017 (Unaudited) $'000**	As re–presented and restated (note 19,20) six months ended 31 March 2016 (Unaudited) $'000
Continuing operations			
Revenue	3	**578,860**	537,995
Cost of Sales		**(412,843)**	(385,170)
Gross Profit		**166,017**	152,825
Selling and distribution expenses		**(96,137)**	(90,363)
Administration expenses		**(10,245)**	(9,468)
Other operating expenses		**(11,543)**	(9,441)
Transaction costs		**(1,752)**	(916)
Share of joint ventures' profit after tax	4	**439**	609
Operating profit		**46,779**	43,246
Finance income	5	**11,916**	6,035
Finance expense	5	**(17,779)**	(13,846)
Profit before tax from continuing operations		**40,916**	35,435
Income tax expense		**(9,857)**	(9,600)
Profit for the period from continuing operations		**31,059**	25,835
Profit after tax for the period from discontinued operations	6	**-**	8,624
Profit for the period attributable to equity holders of the parent		**31,059**	34,459
Profit attributable to:			
Continuing operations		**31,059**	25,835
Discontinued operations		**-**	8,624
		31,059	34,459
Earnings per ordinary share:			
Basic – continuing operations	7	**12.54**	10.50c
Basic – discontinued operations	7	**-**	3.50c
Basic		**12.54**	14.00c
Diluted – continuing operations	7	**12.51**	10.44c
Diluted – discontinued operations	7	**-**	3.49c
Diluted		**12.51**	13.93c

Condensed consolidated statement of comprehensive income

for the six months ended 31 March 2017

	Notes		Six months ended 31 March 2017 (Unaudited) $'000		As re-presented and restated (note 19,20) six months ended 31 March 2016 (Unaudited) $'000
Profit for the period			**31,059**		34,459
Other comprehensive income/(expense):					
Items that will not be reclassified to profit or loss:					
Remeasurement gain/(loss) on Group defined benefit schemes	14				
- *Continuing operations*			**9,774**		(5,383)
- *Discontinued operations*			**-**		515
Deferred tax on Group defined benefit schemes					
- *Continuing operations*			**(572)**		579
- *Discontinued operations*			**-**		(103)
			9,202		(4,392)
Items that may be reclassified subsequently to profit or loss:					
Foreign currency translation adjustment	10				
- *Continuing operations*			**(15,192)**		(21,318)
- *Discontinued operations*			**-**		(531)
Group cash flow hedges:					
- Effective portion of cash flow hedges – movement into reserve		**9,539**		(7,990)	
- Effective portion of cash flow hedges – movement out of reserve		**(10,132)**		3,762	
Effective portion of cash flow hedges	10		**(593)**		(4,228)
- Movement in deferred tax – movement into reserve		**(1,192)**		(470)	
- Movement in deferred tax – movement out of reserve		**1,266**		998	
Net movement in deferred tax	10		**74**		528
			(15,711)		(25,549)
Other comprehensive expense, net of tax			**(6,509)**		(29,941)
Total comprehensive income, net of tax, attributable to equity holders of the parent			**24,550**		4,518
Total comprehensive income/(expense) attributable to:					
Continuing operations			**24,550**		(3,987)
Discontinued operations			**-**		8,505
			24,550		4,518

Condensed consolidated statement of changes in equity

for the six months ended 31 March 2017

	Equity share capital $'000	Share premium $'000	Retained earnings $'000	Other reserves (note 10) $'000	**Total equity $'000**
At 1 October 2016	**14,535**	**187,355**	**784,432**	**(179,446)**	**806,876**
Profit for the financial period	-	-	31,059	-	**31,059**
Other comprehensive income/(expense):					
Effective portion of cash flow hedges	-	-	-	(593)	**(593)**
Deferred tax on cash flow hedges	-	-	-	74	**74**
Translation adjustment	-	-	-	(15,192)	**(15,192)**
Remeasurement gain on defined benefit schemes	-	-	9,774	-	**9,774**
Deferred tax on defined benefit schemes	-	-	(572)	-	**(572)**
Total comprehensive income/(expense) for the period	**-**	**-**	**40,261**	**(15,711)**	**24,550**
Transactions with shareholders:					
New shares issued	41	2,739	-	-	**2,780**
Issued in business combination	39	6,012	-	-	**6,051**
Share-based payment expense	-	-	-	1,699	**1,699**
Dividends paid to equity holders	-	-	(22,388)	-	**(22,388)**
Release from share-based payment reserve	-	-	548	(548)	**-**
At 31 March 2017 – unaudited	**14,615**	**196,106**	**802,853**	**(194,006)**	**819,568**

for the six months ended 31 March 2016 (as re-presented and restated, note 6,19)

	Equity share capital $'000	Share premium $'000	Retained earnings $'000	Other reserves (note 10) $'000	Total equity $'000
At 1 October 2015	14,430	183,000	600,793	(116,219)	682,004
Profit for the financial period	-	-	34,459	-	34,459
Other comprehensive income/(expense):					
Effective portion of cash flow hedges	-	-	-	(4,228)	(4,228)
Deferred tax on cash flow hedges	-	-	-	528	528
Translation adjustment					
- Continuing operations	-	-	-	(21,318)	(21,318)
- Discontinued operations	-	-	-	(531)	(531)
Remeasurement (loss)/gain on defined benefit schemes					
- Continuing operations	-	-	(5,383)	-	(5,383)
- Discontinued operations	-	-	515	-	515
Deferred tax on defined benefit schemes	-	-	-	-	-
- Continuing operations	-	-	579	-	579
- Discontinued operations	-	-	(103)	-	(103)
Total comprehensive income/(expense) for the period	-	-	30,067	(25,549)	4,518
Transactions with shareholders:					
New shares issued	78	3,403	-	-	3,481
Share-based payment expense	-	-	-	906	906
Dividends paid to equity holders	-	-	(21,659)	-	(21,659)
Release from share-based payment reserve	-	-	2,092	(2,092)	-
At 31 March 2016 – unaudited	14,508	186,403	611,293	(142,954)	669,250

Condensed consolidated balance sheet

as at 31 March 2017

	Notes	**As at 31 March 2017 (Unaudited) $'000**	As at 31 March 2016 as re-presented and restated (note 6,19) (Unaudited) $'000	As at 30 September 2016 as re-presented (note 19) (Audited) $'000
ASSETS				
Non-current				
Property, plant and equipment	8	**141,142**	138,558	136,877
Goodwill	9	**428,855**	393,878	384,520
Intangible assets	9	**161,426**	102,802	108,322
Investment in joint ventures and associates	9	**8,729**	8,664	9,067
Derivative financial instruments	11	**19,602**	15,240	13,185
Deferred income tax assets		**3,279**	4,669	4,296
Employee benefits	14	**13,613**	14,185	13,939
Total non-current assets		**776,646**	677,996	670,206
Current				
Inventories		**53,188**	63,734	54,941
Trade and other receivables		**252,121**	225,249	233,791
Cash and cash equivalents	11	**365,465**	208,287	428,729
Current income tax assets		**1,658**	133	4,532
Derivative financial instruments	11	**11,631**	5,146	8,239
Assets held for sale	6	**-**	558,763	-
Total current assets		**684,063**	1,061,312	730,232
Total assets		**1,460,709**	1,739,308	1,400,438
EQUITY				
Equity share capital		**14,615**	14,508	14,535
Share premium		**196,106**	186,403	187,355
Other reserves	10	**(194,006)**	(142,954)	(179,446)
Retained earnings		**802,853**	611,293	784,432
Total equity		**819,568**	669,250	806,876
LIABILITIES				
Non-current				
Interest-bearing loans and borrowings	11	**240,635**	466,303	242,108
Provisions	12	**37,111**	8,160	6,084
Employee benefits	14	**3,855**	15,849	20,442
Deferred income tax liabilities		**39,751**	31,087	31,008
Total non-current liabilities		**321,352**	521,399	299,642
Current				
Interest-bearing loans and borrowings	11	**64,977**	21,965	64,882
Trade and other payables		**222,809**	209,136	204,468
Current income tax liabilities		**14,152**	8,428	14,587
Provisions	12	**17,851**	12,986	9,983
Liabilities held for sale	6	**-**	296,144	-
Total current liabilities		**319,789**	548,659	293,920
Total liabilities		**641,141**	1,070,058	593,562
Total equity and liabilities		**1,460,709**	1,739,308	1,400,438

Condensed consolidated cash flow statement

for the six months ended 31 March 2017

	Six months ended 31 March 2017 (Unaudited)	Six months ended 31 March 2016 as re-presented and restated (note 19) (Unaudited)		
	Total	Continuing operations	Discontinued operations	Total
	$'000	$'000	$'000	$'000
Cash flows from operating activities				
Profit before tax	**40,916**	35,435	10,359	45,794
Finance income	**(11,916)**	(6,035)	(8)	(6,043)
Finance expense	**17,779**	13,846	64	13,910
Operating profit	**46,779**	43,246	10,415	53,661
Share of joint ventures' profit after tax	**(439)**	(609)	(970)	(1,579)
Depreciation charge	**9,928**	9,651	-	9,651
Loss/(profit) on disposal of property, plant and equipment	**35**	2	(12)	(10)
Impairment of intangible assets	**-**	-	1,133	1,133
Amortisation of intangible assets	**11,543**	9,441	-	9,441
Share-based payment expense	**1,699**	906	-	906
Decrease/(increase) in inventories	**670**	(3,118)	3,870	752
(Increase)/decrease in trade and other receivables	**(8,578)**	2,276	(10,074)	(7,798)
Increase/(decrease) in trade payables, provisions and other payables	**9,245**	(9,821)	(22,426)	(32,247)
Exceptional items paid	**(156)**	(2,281)	-	(2,281)
(Decrease)/increase in transaction costs accrued	**(1,139)**	738	7,491	8,229
Interest paid	**(4,937)**	(6,558)	-	(6,558)
Income taxes paid	**(5,519)**	(3,624)	(777)	(4,401)
Net cash inflow/(outflow) from operating activities	**59,131**	40,249	(11,350)	28,899
Cash flows from investing activities				
Interest received	**331**	242	8	250
Purchase of property, plant and equipment	**(16,020)**	(18,706)	(2,533)	(21,239)
Proceeds from disposal of property, plant and equipment	**18**	293	12	305
Investment in intangible assets – computer software	**(11,522)**	(2,180)	(6,648)	(8,828)
Acquisition of subsidiaries (net of cash and cash equivalents acquired)	**(59,889)**	-	-	-
Deferred contingent acquisition consideration paid	**(223)**	(5,802)	-	(5,802)
Net cash outflow from investing activities	**(87,305)**	(26,153)	(9,161)	(35,314)
Cash flows from financing activities				
Proceeds from issue of shares (including share premium thereon)	**2,780**	3,481	-	3,481
Repayments of interest-bearing loans and borrowings	**-**	(713)	-	(713)
Group transfers	**-**	11,609	(11,609)	-
Decrease in finance leases	**(57)**	(25)	-	(25)
Dividends paid to equity holders of the Company	**(22,388)**	(21,659)	-	(21,659)
Net cash outflow from financing activities	**(19,665)**	(7,307)	(11,609)	(18,916)
Net (decrease)/increase in cash and cash equivalents	**(47,839)**	6,789	(32,120)	(25,331)
Translation adjustment	**(15,425)**	-	-	(6,214)
Cash and cash equivalents at beginning of period	**428,729**	-	-	239,832
Cash and cash equivalents at end of period	**365,465**			208,287
Cash and cash equivalents is comprised of:				
Cash at bank and short term deposits	**365,465**			208,287

Notes to the condensed interim financial statements

for the six months ended 31 March 2017

1. Reporting entity

UDG Healthcare plc (the "Company") is a company domiciled in Ireland. The unaudited condensed consolidated interim financial information of the Company for the six months ended 31 March 2017, are comprised of the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in joint ventures and associates.

The financial information presented herein does not amount to statutory financial statements that are required by Section 347 of the Companies Act, 2014 to be annexed to the annual return of the Company. The financial information does not include all the information and disclosures required in the annual financial statements. The statutory financial statements for the year ended 30 September 2016 will be annexed to the annual return and filed with the Registrar of Companies. The audit report on those statutory financial statements was unqualified and did not contain any matters to which attention was drawn by way of emphasis.

2. Statement of compliance

These unaudited condensed consolidated interim financial statements ("the interim accounts") for the six months ended 31 March 2017 have been prepared in accordance with IAS 34, Interim Financial Reporting, as endorsed by the European Union. These interim accounts do not include all of the information required for full annual financial statements and should be read in conjunction with the most recent published consolidated financial statements of the Group. The accounting policies applied in the interim accounts are the same as those applied in the 2016 Annual Report except for the change in the Group's presentation currency from Euro to US Dollar.

The Group has adopted the following standards and interpretations during the period but these did not have a material effect on the results or the financial position of the Group:

- Amendments to IAS 27: Equity Method in Separate Financial Statements
- Amendment to IAS 1: Disclosure Initiative
- Amendments to IFRS 11: Accounting for acquisitions of interests in Joint Operations
- Annual Improvements to IFRSs 2012-2014 Cycle
- Amendments to IAS 16 and IAS 38: Clarification of acceptable methods of depreciation and amortisation

The preparation of interim financial statements requires the use of certain critical accounting estimates, judgements and assumptions. The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, relate primarily to goodwill impairment testing, revenue recognition and the identification and valuation of intangible assets arising from acquisitions. The nature of the assumptions and estimates made in the preparation of the interim accounts are the same as those identified in our most recent annual report. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. There was no significant change to any of these key estimates or judgements in the six month period, other than a change to certain actuarial assumptions as set out in note 14.

The income tax expense for the six month period is calculated by applying the directors' best estimate of the annual effective tax rate to the profit for the period.

The directors have a reasonable expectation that the Company, and the Group as a whole, have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the condensed consolidated interim financial statements.

As permitted by the Transparency (Directive 2004/109/EC) Regulations 2007 this Interim Report is available on www.udghealthcare.com. However, if a physical copy is required, please contact the Company Secretary.

3. Segmental analysis

The Group's operations are divided into the following operating segments each of which operates in a distinct sector of the healthcare services market:

Ashfield - Ashfield is a global leader in commercialisation services for the pharmaceutical and healthcare industry, operating across two broad areas of activity: commercial & clinical services, and communications services. It focuses on supporting healthcare professionals and patients at all stages of the product life cycle. The division provides field and contact centre sales teams, healthcare communications, patient support, audit, advisory, medical information and event management services to over 300 healthcare companies.

Sharp - Sharp is a global leader in contract commercial packaging and clinical trial packaging services for the pharmaceutical and biotechnology industries, operating from state of the art facilities across the US and Europe. Sharp is also a world leader in 'Track and Trace' serialisation services, which will require all prescription drugs to have a unique serial code for authentication and traceability.

Aquilant - Aquilant is a leading provider of outsourced sales, marketing, distribution and engineering services to the medical and scientific sectors in the UK, Ireland and the Netherlands.

At 31 March 2017 the Group has classified the joint venture investment in Magir Limited as a discontinued operation and an asset held for sale. Details of the discontinued operations are included in note 6. The segmental analysis of the business corresponds with the Group's organisational structure and the Group's internal reporting for the purpose of managing the business and assessing performance as reviewed by the Group's Chief Operating Decision Maker (CODM), which the Group has defined as Brendan McAtamney (Chief Executive Officer).

The amount of revenue and operating profit under the Group's operating segments is as follows:

Continuing operations

	Six months ended 31 March 2017 $'000	Six months ended 31 March 2016 as re-presented $'000
Revenue		
Ashfield	**379,933**	338,901
Sharp	**152,669**	145,442
Aquilant	**46,258**	53,652
	578,860	537,995
Operating profit before acquired intangible amortisation, transaction costs and exceptional items		
Ashfield	**36,368**	30,775
Sharp	**19,184**	17,783
Aquilant	**3,222**	3,634
	58,774	52,192
Amortisation of acquired intangibles	**(10,243)**	(8,030)
Transaction costs	**(1,752)**	(916)
Operating profit	**46,779**	43,246
Finance income	**11,916**	6,035
Finance expense	**(17,779)**	(13,846)
Profit before tax	**40,916**	35,435
Income tax expense	**(9,857)**	(9,600)
Profit after tax for the period	**31,059**	25,835

3. Segmental analysis (continued)

Geographical analysis of revenue

	Six months ended 31 March 2017 $'000	Six months ended 31 March 2016 as re-presented $'000
United Kingdom and Republic of Ireland	**179,678**	209,548
North America	**294,378**	239,499
Rest of the World	**104,804**	88,948
	578,860	537,995

4. Share of joint ventures' profit after tax

	Six months ended 31 March 2017 $'000	Six months ended 31 March 2016 as re-presented $'000
Group share of revenue	**15,482**	15,764
Group share of expenses, inclusive of tax	**(15,043)**	(15,155)
Group share of profit after tax - continuing	**439**	609

5. Finance income and expense

	Six months ended 31 March 2017 $'000	Six months ended 31 March 2016 as re-presented $'000
Finance income		
Income arising from cash deposits	**487**	290
Fair value of cash flow hedges transferred from equity	**10,132**	-
Fair value adjustments to fair value hedges	**975**	-
Fair value adjustment to guaranteed senior unsecured notes	**-**	1,817
Foreign currency gain on retranslation of guaranteed senior unsecured loan notes	**-**	3,762
Ineffective portion of cash flow hedges	**224**	102
Net finance income on pension scheme obligations	**98**	64
	11,916	6,035
Finance expense		
Interest on bank loans and other loans		
-wholly repayable within 5 years	**(3,745)**	(5,332)
-wholly repayable after 5 years	**(2,736)**	(2,515)
Interest on finance leases	**(1)**	(1)
Interest on overdrafts	**(12)**	(14)
Unwinding of discount on provisions	**(178)**	(405)
Fair value adjustments to fair value hedges	**-**	(1,817)
Fair value of cash flow hedges transferred from equity	**-**	(3,762)
Fair value adjustments to guaranteed senior unsecured loan notes	**(975)**	-
Foreign currency loss on retranslation of guaranteed senior unsecured loan notes	**(10,132)**	-
	(17,779)	(13,846)
Net finance expense relating to continuing operations	**(5,863)**	(7,811)
Net finance expense relating to discontinued operations	**-**	(56)
Net finance expense	**(5,863)**	(7,867)

6. Net result from discontinued operations and assets and liabilities classified as held for sale

On 1 April 2016 the Group completed the disposal of United Drug Supply Chain Services, United Drug Sangers, TCP Group and MASTA for an aggregate cash consideration of $463.9 million before adjustments in respect of working capital, taxation and costs. At 31 March 2016, these operations were treated as discontinued operations and assets held for sale in accordance with IFRS 5.

The Group has treated the joint venture arrangement with Magir Limited as a discontinued operation and asset held for sale in accordance with IFRS 5 as the business is no longer a strategic asset following our exit from the Pharma Wholesaling segment of the market and given the decision by management to dispose of the shareholding as it is non-core. The comparative Group Income Statement, Group Statement of Comprehensive Income, Group Balance Sheet and the Group Cash Flow Statement to 31 March 2016 have been restated to show the discontinued operation separately from continuing operations. The Group did not recognise an operating profit from the asset in the period.

The following table details the results of discontinued operations included in the Group Income Statement:

	Six months ended 31 March 2017 $'000	Six months ended 31 March 2016 as re-presented $'000
Revenue	-	750,206
Cost of sales	-	(695,371)
Gross profit	-	54,835
Selling and distribution expenses	-	(37,266)
Administration expenses	-	(2,488)
Settlement gain on defined benefit pension	-	2,641
Transaction costs	-	(8,277)
Share of joint venture's profit after tax[1]	-	970
Operating profit	-	10,415
Net finance expense	-	(56)
Profit from discontinued operations before tax	-	10,359
Income tax expense	-	(1,735)
Profit from discontinued operations after tax	-	8,624

1 Restated to include Magir Limited.

In accordance with IFRS 5, depreciation of property, plant and equipment and amortisation of intangibles was not charged on the assets held for sale. If the assets had continued to be depreciated and amortised, the respective pre-tax charges for the prior period would have been $3,874,000 and $791,000**.**

6. Net result from discontinued operations and assets and liabilities classified as held for sale (continued)

The following table details the assets and liabilities classified as held for sale in the Group Balance Sheet:

	Carrying value 31 March 2017 $'000	Carrying value as re-presented 31 March 2016 $'000
Assets		
Property, plant and equipment	-	96,799
Goodwill	-	16,275
Intangible assets	-	53,389
Deferred income tax assets	-	488
Inventories	-	127,941
Trade and other receivables	-	245,515
Investment in joint venture[1]	-	18,356
Assets held for sale	-	558,763
Liabilities		
Deferred income tax liabilities	-	(434)
Trade and other payables	-	(292,453)
Employee benefits	-	(2,877)
Current income tax liabilities	-	(380)
Liabilities held for sale	-	(296,144)
Net assets	-	262,619

[1] Restated to include Magir Limited.

7. Earnings per ordinary share

	Total 2017 $'000	Continuing operations 2016 as re-presented $'000	Discontinued operations 2016 as re-presented $'000	Total 2016 as re-presented $'000
Profit attributable to the owners of the parent	**31,059**	25,835	8,624	34,459
Adjustment for amortisation of acquired intangible assets (net of tax)	**7,697**	6,973	-	6,973
Adjustment for transaction costs (net of tax)	**1,563**	916	8,277	9,193
Adjusted profit attributable to owners of the parent	**40,319**	33,724	16,901	50,625

	2017 Number of shares	2016 Number of shares
Weighted average number of shares	**247,658,940**	246,079,718
Number of dilutive shares under option	**701,068**	1,299,770
Weighted average number of shares, including share options	**248,360,008**	247,379,488

7. Earnings per ordinary share (continued)

	Total 2017	Continuing operations 2016 as re-presented	Discontinued operations 2016 as re-presented	Total 2016 as re-presented
Basic earnings per share – cent	**12.54**	10.50	3.50	14.00
Diluted earnings per share – cent	**12.51**	10.44	3.49	13.93
Adjusted basic earnings per share – cent	**16.28[1]**	13.70[1]	6.87[2]	20.57
Adjusted diluted earnings per share – cent	**16.23[1]**	**13.63[1]**	**6.83[2]**	**20.46**

Non-IFRS information
The Group reports certain financial measures that are not required under International Financial Reporting Standards (IFRS) which represent the generally accepted accounting principles (GAAP) under which the Group reports. The Group believes that the presentation of these non-IFRS measures provides useful supplemental information which, when viewed in conjunction with our IFRS financial information, provides investors with a more meaningful understanding of the underlying financial and operating performance of the Group and its divisions. These measures are also used internally to evaluate the historical and planned future performance of the Group's operations and to measure executive management's performance based remuneration.

The Group has treated the joint venture arrangement with Magir Limited as a discontinued operation and asset held for sale in accordance with IFRS 5. The comparative Group Income Statement, Group Statement of Comprehensive Income, Group Balance Sheet and Group Cash Flow to 31 March 2016 have been restated to reflect this change and as such the 2016 earnings per share calculations have been adjusted.

[1] Adjusted profit attributable to owners of the parent from continuing operations is stated before the amortisation of acquired intangible assets ($7.7m, net of tax) and transaction costs ($1.6m, net of tax).

[2] Adjusted profit attributable to owners of the parent from discontinued operations in 2016 is stated after adding back transaction costs ($8.3m, net of tax).

Treasury shares have been excluded from the weighted average number of shares in issue used in the calculation of earnings per share.

The average market value of the Company's shares for the purposes of calculating the dilutive effect of share options was based on quoted market prices for the period.

8. Property, plant and equipment

	Land and buildings $'000	Plant and equipment $'000	Motor vehicles $'000	Computer equipment $'000	Assets under construction $'000	**Total $'000**
Cost						
At 1 October 2016	89,779	113,720	968	20,407	-	224,874
Transfer from intangible assets	-	-	-	104	-	104
Additions in period	799	11,421	34	1,246	2,520	16,020
Arising on acquisition	-	-	-	122	-	122
Disposals in period	(1,208)	(1,367)	-	(1,710)	-	(4,285)
Reclassifications	(454)	454	-	-	-	-
Translation adjustment	(1,304)	(1,548)	(35)	(522)	20	(3,389)
At 31 March 2017	**87,612**	**122,680**	**967**	**19,647**	**2,540**	**233,446**
Depreciation						
At 1 October 2016	27,280	50,947	677	9,093	-	87,997
Depreciation charge for the period	2,347	5,356	31	2,194	-	9,928
Eliminated on disposal	(1,208)	(1,318)	-	(1,706)	-	(4,232)
Reclassifications	(83)	83	-	-	-	-
Translation adjustment	(367)	(772)	(27)	(223)	-	(1,389)
At 31 March 2017	**27,969**	**54,296**	**681**	**9,358**	**-**	**92,304**
Carrying amount						
At 31 March 2017	**59,643**	**68,384**	**286**	**10,289**	**2,540**	**141,142**
30 September 2016	62,499	62,773	291	11,314	-	136,877

9. Movement in goodwill, intangible assets and investment in joint ventures and associates

	Goodwill $'000	Intangible assets $'000	Investment in joint ventures and associates $'000
Balance at 1 October 2016	384,520	108,322	9,067
Investment in computer software	-	11,522	-
Amortisation of acquired intangible assets	-	(10,243)	-
Amortisation of computer software	-	(1,300)	-
Transfer to property, plant & equipment	-	(104)	-
Arising on acquisition	51,326	55,332	-
Share of joint ventures' profit after tax	-	-	439
Measurement period adjustment	1,844	(1,005)	-
Translation adjustment	(8,835)	(1,098)	(777)
Balance at 31 March 2017	**428,855**	**161,426**	**8,729**

10. Other reserves

	Cash flow hedge $'000	Share-based payment $'000	Foreign Exchange $'000	Treasury shares $'000	Capital redemption reserve $'000	**Total $'000**
Balance at 1 October 2016	(12,499)	5,956	(165,574)	(7,676)	347	**(179,446)**
Effective portion of cash flow hedges	(593)	-	-	-	-	**(593)**
Deferred tax on cash flow hedges	74	-	-	-	-	**74**
Share-based payment expense	-	1,699	-	-	-	**1,699**
Release from share-based payment reserve	-	(548)	-	-	-	**(548)**
Translation adjustment	-	-	(15,192)	-	-	**(15,192)**
Balance at 31 March 2017	**(13,018)**	**7,107**	**(180,766)**	**(7,676)**	**347**	**(194,006)**

	Cash flow hedge $'000	Share-based payment $'000	Foreign Exchange $'000	Treasury shares $'000	Capital redemption reserve $'000	Total $'000
Balance at 1 October 2015	(6,918)	6,832	(108,781)	(7,699)	347	(116,219)
Effective portion of cash flow hedges	(4,228)	-	-	-	-	(4,228)
Deferred tax on cash flow hedges	528	-	-	-	-	528
Share-based payment expense	-	906	-	-	-	906
Release from share-based payment reserve	-	(2,092)	-	-	-	(2,092)
Translation adjustment						
- Continuing operations	-	-	(21,318)	-	-	(21,318)
- Discontinued operations	-	-	(531)	-	-	(531)
Balance at 31 March 2016	(10,618)	5,646	(130,630)	(7,699)	347	(142,954)

11. Net cash/(debt)

	As at 31 March 2017 $'000	As at 31 March 2016 as re-presented $'000	As at 30 Sept 2016 as re-presented $'000
Current assets			
Cash at bank and short term deposits	**365,465**	208,287	428,729
Derivative financial instruments	**11,631**	5,146	8,239
Non-current assets			
Derivative financial instruments	**19,602**	15,240	13,185
Current liabilities			
Interest bearing loans	**(64,871)**	(21,752)	(64,724)
Finance leases	**(106)**	(213)	(158)
Non-current liabilities			
Interest bearing loans	**(240,631)**	(466,290)	(242,099)
Finance leases	**(4)**	(13)	(9)
Net cash/(debt)	**91,086**	(259,595)	143,163

12. Provisions

	Deferred contingent consideration $'000	Onerous leases $'000	Restructuring and other costs $'000	**Total $'000**
Balance at 1 October 2016	15,419	359	289	**16,067**
Arising on acquisition	37,755	-	-	**37,755**
Utilised during the period	(223)	(25)	(131)	**(379)**
Unwinding of discount	178	-	-	**178**
Measurement period adjustment	999	-	-	**999**
Translation adjustment	372	(15)	(15)	**342**
Balance at 31 March 2017	**54,500**	**319**	**143**	**54,962**
Non-current	36,758	269	84	**37,111**
Current	17,742	50	59	**17,851**
Total	**54,500**	**319**	**143**	**54,962**

13. Acquisition of subsidiary undertakings

During the six months ended 31 March 2017, the Group completed one acquisition:

- On 21 October 2016 the Group acquired STEM Marketing Limited ("STEM"), a leading global provider of commercial, marketing and medical audits to pharmaceutical companies.

The initial assignment of fair values to identifiable net assets acquired has been performed on a provisional basis in respect of STEM given the timing of completion of this transaction. Any amendments to these acquisition date fair values within the twelve-month timeframe from the date of acquisition will be disclosed in the relevant Annual Report as stipulated by IFRS 3 (Revised 2008), Business Combinations.

The Group has revised its estimate of the acquisition date fair value of intangibles, deferred contingent consideration and trade and other receivables in respect of the acquisition of Pegasus Public Relations Limited ("Pegasus"), which was acquired on 18 April, 2016. This has resulted in a corresponding increase in goodwill relative to the amount previously recorded. On the basis that this adjustment was not deemed to be material, it was accounted for in the current period.

13. Acquisition of subsidiary undertakings (continued)

The carrying amount of the assets and liabilities acquired are as follows:

	STEM $'000	Measurement period adjustments $'000	**2017 Total $'000**	2016 Total $'000
Assets				
Non-current assets				
Property, plant and equipment	122	-	**122**	584
Intangible assets – other intangible assets	55,332	(1,005)	**54,327**	10,482
Total non-current assets	55,454	(1,005)	**54,449**	11,066
Current assets				
Trade and other receivables	9,459	(11)	**9,448**	6,215
Total current assets	9,459	(11)	**9,448**	6,215
Non-current liabilities				
Deferred income tax liabilities	(9,406)	171	**(9,235)**	(1,782)
Total non-current liabilities	(9,406)	171	**(9,235)**	(1,782)
Current liabilities				
Trade and other payables	(3,758)	-	**(3,758)**	(3,542)
Current income tax liabilities	620	-	**620**	(540)
Total current liabilities	(3,138)	-	**(3,138)**	(4,082)
Identifiable net assets acquired	52,369	(845)	**51,524**	11,417
Intangible assets – goodwill	51,326	1,844	**53,170**	11,610
Total consideration (enterprise value)	103,695	999	**104,694**	23,027
Satisfied by:				
Cash	63,247	-	**63,247**	16,843
Net cash acquired	(3,358)	-	**(3,358)**	(2,397)
Net cash outflow	59,889	-	**59,889**	14,446
Equity instruments (724,997 ordinary shares)	6,051	-	**6,051**	-
Deferred contingent acquisition consideration	37,755	999	**38,754**	8,581
Total consideration	103,695	999	**104,694**	23,027

Goodwill is attributable to the future economic benefits arising from assets which are not capable of being individually identified and separately recognised. The significant factors giving rise to the goodwill include the value of the workforce and management teams within the businesses acquired and the enhancement of the competitive position of the Group in the marketplace and the strategic premium paid by UDG Healthcare plc to create the combined Group.

The intangible assets arising on the acquisitions are related to the trade names, customer relationships and technology.

The contractual assets are not materially different from the disclosed trade and other receivables.

The total transaction related costs for completed and aborted acquisitions amounts to $1,752,000 (2016: $916,000). These are presented separately in the Group Income Statement.

The fair value of contingent consideration recognised at the date of acquisition is calculated by discounting the expected future payment to present value at the acquisition date. In general, for contingent consideration to become payable, pre-defined profit thresholds must be exceeded. On an undiscounted basis, the future payments for which the Group may be liable in respect of acquisitions in the current period ranges from $6,412,000 to $39,222,000 (2016: nil).

13. Acquisition of subsidiary undertakings (continued)

The Group's results for the period ended 31 March 2017 includes the following amounts in respect of the business acquired during the period:

	2017 $'000
Revenue	**19,415**
Gross profit	14,445
Selling and distribution expenses	(9,000)
Other operating expenses[1]	(3,480)
Operating profit	**1,965**
Net interest expense	(104)
Profit before tax	**1,861**
Income tax expense	(441)
Profit after tax	**1,420**

[1] Other operating expenses consists of amortisation of intangible assets.

14. Employee benefits

	Employee benefit asset $'000	Employee benefit liability $'000	Employee benefit total $'000
Employee benefit asset/(liability) at 1 October 2016	13,939	(20,442)	**(6,503)**
Current service cost	(1,194)	-	**(1,194)**
Curtailment gain	-	-	**-**
Settlement gain	-	2,666	**2,666**
Interest income/(costs)	199	(101)	**98**
Contributions paid	-	4,096	**4,096**
Remeasurement gain	669	9,105	**9,774**
Translation adjustment	-	821	**821**
Employee benefit asset/(liability) at 31 March 2017	**13,613**	**(3,855)**	**9,758**

	Employee benefit asset $'000	Employee benefit liability $'000	Employee benefit total $'000
Employee benefit asset/(liability) at 1 October 2015	14,639	(24,162)	(9,523)
Current service cost	(1,092)	(256)	(1,348)
Curtailment gain	-	360	360
Settlement gain	-	4,024	4,024
Interest income/(costs)	261	(261)	-
Contributions paid	-	6,797	6,797
Remeasurement gain/(loss)	377	(5,245)	(4,868)
Translation adjustment	-	17	17
Employee benefit asset/(liability) at 31 March 2016	**14,185**	**(18,726)**	**(4,541)**
Analysed as:			
Assets and liabilities associated with continuing operations	14,185	(15,849)	(1,664)
Liabilities held for sale[2]	-	(2,877)	(2,877)
	14,185	**(18,726)**	**(4,541)**

[2] This scheme related to United Drug Sangers ("NI Scheme") which was included in liabilities associated with assets classified as held for sale at 31 March 2016. On 1 April 2016 the Group completed the disposal of United Drug Supply Chain Services, United Drug Sangers, TCP Group and MASTA. Following completion of the disposal, the future funding obligations in respect of the NI scheme ceased to be the responsibility of the Group. Responsibility for the funding requirements in respect of the ROI schemes remain within the Group.

14. Employee benefits (continued)

As set out in the consolidated financial statements for the year ended 30 September 2016, the Group operates a number of defined benefit pension schemes which are funded by the payments of contribution to separately administered trust funds. The employee benefit asset relates to the United States pension scheme and the employee benefit liability relates to the Republic of Ireland (ROI) pension scheme. The Republic of Ireland scheme has an actuarial gain in the current period which primarily relates to an increase in the discount rate. The change in the discount rate within the schemes is reflective of changes in bond yields during the period. The United States scheme has an actuarial gain in the current period arising from a higher than expected return on plan assets. In the Republic of Ireland scheme, there is no longer a salary increase assumption due to the accrual of pension benefits ceasing from 1 December 2015.

During the current and prior period, a general offer was made to the members of the ROI schemes to transfer their accrued benefits from the schemes in exchange for a fixed monetary amount. Acceptance of the offer was at the discretion of individual members and resulted in a settlement gain of $2,666,000 (2016: $4,024,000, $2,641,000 of which related to discontinued operations). Related professional fees amounts to $106,000 (2016: $261,000).

The principal assumptions and associated changes are as follows:

	Republic of Ireland Schemes		**United States Scheme**	
	As at 31 March 2017	As at 30 Sept 2016	**As at 31 March 2017**	As at 30 Sept 2016
Rate of increase in salaries	**N/A**	N/A	**2.75%-4.00%**	2.75-4.00%
Rate of increase in pensions	**0-1.75%**	0-1.75%	**0.00%**	0.00%
Inflation rate	**1.75%**	1.50%	**2.75%**	2.75%
Discount rate	**2.00%**	1.25%	**3.80%**	3.30%

15. Financial instruments

The fair values of financial assets and financial liabilities, together with the carrying amounts in the condensed consolidated balance sheet at 31 March 2017, are as follows:

	Carrying value $'000	**Fair value $'000**
Financial assets		
Trade and other receivables	252,121	252,121
Derivative financial instruments	31,233	31,233
Cash and cash equivalents	365,465	365,465
	648,819	**648,819**
Financial liabilities		
Trade and other payables	222,809	222,809
Interest bearing loans and borrowings	305,502	305,502
Finance lease liabilities	110	110
Deferred contingent consideration	54,500	54,500
	582,921	**582,921**

The fair values of the financial assets and liabilities disclosed in the above tables have been determined using the methods and assumptions set out below.

Trade and other receivables/payables
For receivables and payables the carrying value less impairment provision is deemed to reflect fair value where appropriate.

Cash and cash equivalents
For cash and cash equivalents, the nominal amount is deemed to reflect fair value.

Interest-bearing loans and borrowings
The fair value of interest-bearing loans and borrowings is based on the fair value of the expected future principal and interest cash flows discounted at interest rates effective at the balance sheet date and adjusted for movements in credit spreads.

Finance lease liabilities
For finance lease liabilities, the fair value is the present value of future cash flows discounted at current market rates.

Valuation techniques and significant unobservable inputs
Fair value hierarchy of assets and liabilities measured at fair value

The Group has adopted the following fair value hierarchy in relation to its financial instruments that are carried in the balance sheet at fair value as at the period end:

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

The following table sets out the fair value of all financial assets and liabilities that are measured at fair value:

	Total $'000	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**
Assets measured at fair value				
Designated as hedging instruments				
Cross currency interest rate swaps	31,233	-	31,233	-
	31,233	**-**	**31,233**	**-**
Liabilities measured at fair value				
At fair value through profit or loss				
Deferred contingent consideration	54,500	-	-	54,500
	54,500	**-**	**-**	**54,500**

Summary of derivatives:

	Amount of financial assets/liabilities as presented in the balance sheet $'000	**Related amounts not offset in the balance sheet $'000**	**31 March 2017 Net $'000**	Amount of financial assets/liabilities as presented in the balance sheet (as-represented) $'000	Related amounts not offset in the balance sheet (as-represented) $'000	31 March 2016 Net (as-represented) $'000
Derivative financial assets	**31,233**	**-**	**31,233**	20,386	-	20,386
Derivative financial liabilities	**-**	**-**	**-**	-	-	-

All derivatives entered into by the Group are included in Level 2 and consist of cross currency interest rates swaps. The fair values of cross currency interest rate swaps are calculated as the present value of the estimated future cash flows based on the terms and maturity of each contract and using forward currency rates and market interest rates as applicable for a similar instrument at the measurement date. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and counterparty where appropriate.

15. Financial instruments (continued)

Deferred contingent consideration

Details of movements in the period are included in note 12. The deferred contingent consideration liability arose from acquisitions completed by the Group. The fair value is determined considering the expected payment, discounted to present value using a risk adjusted discount rate. The expected payment is determined separately in respect of each individual earnout agreement taking into consideration the expected level of profitability of each acquisition. The provision for deferred consideration is in respect of acquisitions completed during 2012, 2014, 2016 and 2017.

The significant unobservable inputs are as follows:

- forecasted average annual net revenue growth rate 12%;
- forecasted average EBIT growth rate 17%; and
- risk adjusted discount rate 0.6% - 6.5%.

Inter-relationship between significant unobservable inputs and fair value measurement:

The estimated fair value would increase/(decrease) if:

- the annual net revenue growth was higher/(lower);
- the EBIT growth rate was higher/(lower); and
- the risk adjusted discount rate was lower/(higher).

For the fair value of deferred contingent consideration, a reasonable possible change to one of the significant unobservable inputs at 31 March 2017, holding the other inputs constant, would have the following effects:

	Increase $'000	Decrease $'000
Effect of change in assumption on income statements		
Annual net revenue growth rate (1% movement)	-	-
Annual EBIT growth rate (1% movement)	-	-
Risk-adjusted discount rate (1% movement)	(171)	234

16. Dividends

The Board has proposed an interim dividend of 3.58 $ cent per share. This dividend has not been provided for in the balance sheet at 31 March 2017 as there was no present obligation to pay the dividend at the reporting date. During the first half of the financial year, the final dividend for 2016 (9.04 $ cent per share), was paid giving rise to a reduction in shareholders' funds of $22,388,000.

17. Foreign currency

The principal exchange rates used in translating Sterling and Euro balance sheets and income statements were as follows:

	31 March 2017	31 March 2016
	$1=Stg£	$1=Stg£
Balance sheet (closing rate)	**0.8002**	0.6953
Income statement (average rate)	**0.8066**	0.6787
	$1=Euro€	$1=Euro€
Balance sheet (closing rate)	**0.9354**	0.8783
Income statement (average rate)	**0.9330**	0.9102

18. Related parties

The Group trades in the normal course of business with its joint venture undertakings. The aggregate value of these transactions is not material in the context of the Group's financial results.

At 31 March 2017, Magir Limited, the Group's joint venture investment, was classified as an asset held for sale. The Group has provided a guarantee to Magir's bankers for an amount of Stg£10,750,000 and a loan, gross of interest, of Stg£10,815,000. The comparative Group Income Statement, Group Statement of Comprehensive Income, Group Balance Sheet and the Group Cash Flow Statement to 31 March 2016 have been restated to show the discontinued operation separately from continuing operations.

IAS 24 Related Party Disclosures requires the disclosure of compensation paid to the Group's key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group. UDG Healthcare classifies directors, the Company Secretary and members of its executive team as key management personnel. This executive team is the body of senior executives that formulates business strategy along with the directors, follows through on the implementation of that strategy and directs and controls the activities of the Group on a day to day basis.

Key management personnel receive compensation in the form of short-term employee benefits, post-employment benefits and equity compensation benefits. Key management personnel received total compensation of $5,282,000 for the six months ended 31 March 2017 (2016: $6,479,000).

19. Change in presentation currency

Following the disposal of the United Drug Supply Chain and MASTA businesses in April 2016, the geographic profile of the Group's businesses has changed considerably and the vast majority of the Group's profits are now generated in currencies other than Euro. Over half of the Group's profits are currently generated in US Dollars, the Group's US based businesses are demonstrating the greatest growth opportunities and future corporate development activity is likely to be US focused. Consequently, on 4 August 2016 the Group announced that from 1 October 2016, the financial results will be presented in US Dollars. The change in presentation currency has been applied retrospectively.

In re-presenting the Group Financial Statements for the year ended 30 September 2016 and the six-month period ended 31 March 2016, the reported information was converted to US Dollars from Euro using the following procedures:

- Assets and liabilities were translated to US Dollars at the closing rates of exchange at each respective balance sheet date (30 September 2016: $1:€0.8960; six-month period ended 31 March 2016: $1:€0.8783; 30 September 2015: $1:€0.8926).
- Share capital, share premium and other reserves were translated at the historic rates prevailing at the dates of transactions.
- Income and expenses were translated to US Dollars at an average rate at each of the respective reporting periods. This has been deemed to be a reasonable approximation (30 September 2016: $1:€0.9002; six-month period ended 31 March 2016: $1:€0.9102; 30 September 2015: $1:€0.8709).
- Differences resulting from the retranslation were taken to reserves.

19. Change in presentation currency (continued)

The impact on the prior period results, closing balance sheet and the numerator for earnings per share as originally reported is set out below:

Condensed consolidated income statement
for the six months ended 31 March 2016

	Restated (note 6,20) six months ended 31 March 2016 (Unaudited) €'000	As re-presented and restated (note 6,20) six months ended 31 March 2016 (Unaudited) $'000
Continuing operations		
Revenue	489,683	537,995
Cost of sales	(350,574)	(385,170)
Gross profit	139,109	152,825
Selling and distribution expenses	(82,253)	(90,363)
Administration expenses	(8,618)	(9,468)
Other operating expenses	(8,594)	(9,441)
Transaction costs	(834)	(916)
Share of joint ventures' profit after tax	554	609
Operating profit	39,364	43,246
Finance income	5,493	6,035
Finance expense	(12,603)	(13,846)
Profit before tax from continuing operations	32,254	35,435
Income tax expense	(8,738)	(9,600)
Profit for the period from continuing operations	23,516	25,835
Profit after tax for the period from discontinued operations	7,850	8,624
Profit for the period attributable to equity holders of the parent	31,366	34,459
Profit attributable to:		
Continuing operations	23,516	25,835
Discontinued operations	7,850	8,624
	31,366	34,459
Earnings per ordinary share:		
Basic – continuing operations	9.56c	10.50c
Basic – discontinued operations	3.19c	3.50c
Basic	12.75c	14.00c
Diluted – continuing operations	9.51c	10.44c
Diluted – discontinued operations	3.17c	3.49c
Diluted	12.68c	13.93c

19. Change in presentation currency (continued)

Condensed consolidated statement of comprehensive income
for the six months ended 31 March 2016

		Restated (note 6) six months ended 31 March 2016 (Unaudited) €'000		As re-presented and restated (note 6,20) six months ended 31 March 2016 (Unaudited) $'000
Profit for the period		31,366		34,459
Other comprehensive income/(expense):				
Items that will not be reclassified to profit or loss:				
Remeasurement (loss)/gain on Group defined benefit schemes				
- *Continuing operations*		(4,900)		(5,383)
- *Discontinued operations*		469		515
Deferred tax on Group defined benefit schemes				
- *Continuing operations*		527		579
- *Discontinued operations*		(94)		(103)
		(3,998)		(4,392)
Items that may be reclassified subsequently to profit or loss:				
Foreign currency translation adjustment				
- *Continuing operations*		(26,663)		(21,318)
- *Discontinued operations*		(4,640)		(531)
Gain on hedge of net investment in foreign operations		2,262		-
Group cash flow hedges:				
- Effective portion of cash flow hedges – movement into reserve	(7,273)		(7,990)	
- Effective portion of cash flow hedges – movement out of reserve	3,424		3,762	
Effective portion of cash flow hedges		(3,849)		(4,228)
- Movement in deferred tax – movement into reserve	(428)		(470)	
- Movement in deferred tax – movement out of reserve	909		998	
Net movement in deferred tax		481		528
		(32,409)		(25,549)
Other comprehensive expense, net of tax		(36,407)		(29,941)
Total comprehensive (expense)/income, net of tax, attributable to equity holders of the parent		(5,041)		4,518
Total comprehensive (expense)/income attributable to:				
Continuing operations		(7,743)		(3,987)
Discontinued operations		2,702		8,505
		(5,041)		4,518

19. Change in presentation currency (continued)

Condensed consolidated balance sheet

	As at 31 March 2016		As at 30 September 2016		As at 30 September 2015	
	(unaudited)	(unaudited)	(audited)	(unaudited)	(audited)	(unaudited)
	As restated (note 6)	As re-presented	As originally reported	As re-presented	As originally reported	As re-presented
	€'000	$'000	€'000	$'000	€'000	$'000
ASSETS						
Non-current						
Property, plant and equipment	121,702	138,558	122,638	136,877	117,903	132,087
Goodwill	345,962	393,878	344,521	384,520	358,213	401,306
Intangible assets	90,296	102,802	97,054	108,322	101,693	113,927
Investment in joint ventures and associates	7,610	8,664	8,124	9,067	23,079	25,855
Derivative financial instruments	13,386	15,240	11,814	13,185	22,048	24,700
Deferred income tax assets	4,101	4,669	3,849	4,296	3,984	4,463
Employee benefits	12,459	14,185	12,489	13,939	13,067	14,639
Total non-current assets	595,516	677,996	600,489	670,206	639,987	716,977
Current						
Inventories	55,981	63,734	49,226	54,941	55,017	61,636
Trade and other receivables	197,845	225,249	209,472	233,791	205,248	229,939
Cash and cash equivalents	182,949	208,287	384,131	428,729	214,078	239,832
Current income tax assets	117	133	4,061	4,532	1,612	1,806
Derivative financial instruments	4,520	5,146	7,382	8,239	4,750	5,321
Assets held for sale	490,808	558,763	-	-	473,820	530,821
Total current assets	932,220	1,061,312	654,272	730,232	954,525	1,069,355
Total assets	1,527,736	1,739,308	1,254,761	1,400,438	1,594,512	1,786,332
EQUITY						
Equity share capital	12,692	14,508	12,715	14,535	12,621	14,430
Share premium	155,262	186,403	156,084	187,355	152,164	183,000
Other reserves	(23,412)	(142,954)	(41,295)	(179,446)	10,077	(116,219)
Retained earnings	443,317	611,293	595,449	784,432	433,912	600,793
Total equity	587,859	669,250	722,953	806,876	608,774	682,004
LIABILITIES						
Non-current						
Interest-bearing loans and borrowings	409,577	466,303	216,923	242,108	415,840	465,866
Provisions	7,167	8,160	5,451	6,084	7,508	8,411
Employee benefits	13,921	15,849	18,315	20,442	18,303	20,505
Deferred income tax liabilities	27,305	31,087	27,782	31,008	28,050	31,424
Total non-current liabilities	457,970	521,399	268,471	299,642	469,701	526,206
Current						
Interest-bearing loans and borrowings	19,293	21,965	58,133	64,882	20,811	23,315
Trade and other payables	183,694	209,136	183,190	204,468	191,758	214,831
Current income tax liabilities	7,403	8,428	13,070	14,587	4,452	4,988
Provisions	11,406	12,986	8,944	9,983	18,683	20,931
Liabilities held for sale	260,111	296,144	-	-	280,333	314,057
Total current liabilities	481,907	548,659	263,337	293,920	516,037	578,122
Total liabilities	939,877	1,070,058	531,808	593,562	985,738	1,104,328
Total equity and liabilities	1,527,736	1,739,308	1,254,761	1,400,438	1,594,512	1,786,332

19. Change in presentation currency (continued)

Numerator for adjusted earnings per share calculation

	Continuing operations		Discontinued operations		As at 31 March 2016 (unaudited)	
	As restated €'000	As re-presented $'000	As restated €'000	As re-presented $'000	As restated €'000	As re-presented $'000
Profit attributable to equity holders of the Group[1]	23,516	25,835	7,850	8,624	31,366	34,459
Adjustment for amortisation of intangible assets (net of tax)	6,347	6,973	-	-	6,347	6,973
Adjustment for acquisition costs (net of tax)	834	916	7,534	8,277	8,368	9,193
Adjusted profit attributable to owners of the parent	30,697	33,724	15,384	16,901	46,081	50,625

[1] At 31 March 2016 the Group classified the joint venture investment in Magir Limited as a discontinued operation and an asset held for sale. Details of the discontinued operations are included in note 6.

20. Prior period reclassifications and restatements

Reclassification of wages and salary expenses
The Ashfield Division contracts out employees to its customers to work on sales and marketing of their products in the marketplace. These expenses were classified as selling and distribution expenses in the interim results for 2016 and prior years. The Group considers the classification of this expense as a cost of sale to be a more appropriate classification given that Group revenue includes the amounts charged to customers for their services. In addition, there has been a reclassification of pass-through revenue from cost of sales to revenue. Pass-through revenues relate to the recharging of travel and other costs to customers at zero margin. As a result, $32,391,000 (€29,484,000) of wages and salaries has been reclassified from selling and distribution expenses to cost of sales and $19,001,000 (€17,269,000) has been reclassified from cost of sales to revenue in H1 2016 so that the results are presented on a consistent basis in both 2017 and 2016. There is no impact on operating profit.

A summary of the impact on the previously reported figures in the condensed consolidated income statement for the period ended 31 March 2016 is set out below:

	As previously stated €'000	Reclassification €'000	As restated €'000	As re-presented $'000
Revenue	472,414	17,269	489,683	537,995
Cost of sales	(303,821)	(46,753)	(350,574)	(385,170)
Gross profit	168,593	(29,484)	139,109	152,825
Selling and distribution expenses	(111,737)	29,484	(82,253)	(90,363)
Operating profit[1]	39,364	-	39,364	43,246

[1] Adjusted for Magir Limited which has been classified as a discontinued operation.

21. Events after the balance sheet date
On 3 April 2017 the Group purchased Steel Eagle LLC, a pharmaceutical packaging facility in Pennsylvania, USA. The total consideration of $14.2 million was paid upfront. Based on initial assessment, the fair value of the net assets and liabilities acquired are estimated to be $14.2 million and consist primarily of property, plant and equipment and deferred revenue. On 22 May 2017 the Group agreed the acquisition of Sellxpert GmbH, a German contract sales organisation, for a total consideration of up to €13.1 million, subject to competition authority approval. Based on initial assessment, the fair value of the net assets and liabilities acquired (excluding intangible assets) are estimated to be €2.2 million and consist primarily of trade & other receivables, cash and trade & other payables. The initial accounting is incomplete at the date of approval of the interim report and, therefore, the Group is unable to disclose goodwill and information regarding revenue and profit and loss arising on these transactions.

22. Board Approval
This interim report was approved by the Board of Directors of UDG Healthcare plc on 22 May 2017.

Additional Information

Key performance indicators and non-IFRS performance measures

The Group reports certain financial measures that are not required under International Financial Reporting Standards (IFRS) which represent the generally accepted accounting principles (GAAP) under which the Group reports. The Group believes that the presentation of these non-IFRS measures provides useful supplemental information which, when viewed in conjunction with IFRS financial information, provides investors with a more meaningful understanding of the underlying financial and operating performance of the Group and its divisions. These measures are also used internally to evaluate the historical and planned future performance of the Group's operations and to measure executive management's performance based remuneration.

None of the non-IFRS measures should be considered as an alternative to financial measures derived in accordance with IFRS. The non-IFRS measures can have limitations as analytical tools and should not be considered in isolation or as a substitute for an analysis of results as reported under IFRS.

The principal non-IFRS measures used by the Group, together with reconciliations where the non-IFRS measures are not readily identifiable from the financial statements, are as follows:

Net revenue (continuing)

Definition
This comprises of gross revenue as reported in the Group Income Statement, adjusted for revenue associated with pass-through costs for which the Group does not earn a margin.

Calculation		**Six months ended 31 March 2017 $'000**	Six months ended 31 March 2016 $'000
Revenue (continuing)	Income Statement	**578,860**	537,995
Pass through revenue		**(90,899)**	(79,743)
Net revenue (continuing)		**487,961**	**458,252**

Adjusted operating profit (continuing)

Definition
This comprises of operating profit as reported in the Group Income Statement before amortisation of acquired intangible assets, transaction costs and exceptional items.

Calculation		**Six months ended 31 March 2017 $'000**	Six months ended 31 March 2016 $'000
Operating profit (continuing)	Income Statement	**46,779**	43,246
Transaction costs (continuing)	Income Statement	**1,752**	916
Amortisation of acquired intangible assets (continuing)	Note 3	**10,243**	8,030
Adjusted operating profit (continuing)		**58,774**	52,192

Adjusted operating profit (discontinued)

Definition
This comprises of operating profit as reported in results from discontinued operations before amortisation of acquired intangible assets, transaction costs and exceptional items.

Calculation		**Six months ended 31 March 2017 $'000**	Six months ended 31 March 2016 $'000
Operating profit (discontinued)	Note 6	**-**	10,415
Transaction costs (discontinued)	Note 6	**-**	8,277
Adjusted operating profit (discontinued)		**-**	18,692

Additional Information (continued)

Key performance indicators and non-IFRS performance measures

Adjusted profit before tax (continuing)

Definition
This comprises profit before tax as reported in the Group Income Statement before amortisation of acquired intangible assets, transaction costs and exceptional items.

Calculation		**Six months ended 31 March 2017 $'000**	Six months ended 31 March 2016 $'000
Profit before tax (continuing)	Income Statement	**40,916**	35,435
Transaction costs (continuing)	Income Statement	**1,752**	916
Amortisation of acquired intangible assets (continuing)	Note 3	**10,243**	8,030
Adjusted profit before tax (continuing)		**52,911**	44,381

Adjusted operating margin (continuing)

Definition
Measures the adjusted operating profit as a percentage of revenue.

Calculation		**Six months ended 31 March 2017 $'000**	Six months ended 31 March 2016 $'000
Adjusted operating profit (continuing)	Per above	**58,774**	52,192
Revenue (continuing)	Income Statement	**578,860**	537,995
Adjusted operating margin (continuing)		**10.2%**	9.7%

Net operating margin (continuing)

Definition
Measures the adjusted operating profit as a percentage of net revenue.

Calculation		**Six months ended 31 March 2017 $'000**	Six months ended 31 March 2016 $'000
Adjusted operating profit (continuing)	Per above	**58,774**	52,192
Net revenue (continuing)	Per above	**487,961**	458,252
Net operating margin (continuing)		**12.0%**	11.4%

Adjusted earnings per share

Definition
The Group defines adjusted earnings per share as basic earnings per share adjusted for the impact of amortisation of acquired intangible assets, transaction costs and exceptional items.

Calculation		**Six months ended 31 March 2017 $'000**	Six months ended 31 March 2016 $'000
Adjusted earnings per share (continuing)	Note 7	**16.23**	13.63
Adjusted earnings per share (discontinued)	Note 7	**-**	6.83
Adjusted earnings per share		**16.23**	20.46

Additional Information (continued)

Key performance indicators and non-IFRS performance measures

Net Interest

Definition
The Group defines net interest as the net total of finance costs and finance income as presented in the Group Income Statement.

Calculation		**Six months ended 31 March 2017 $'000**	Six months ended 31 March 2016 $'000
Finance costs	Income Statement	**(17,779)**	(13,846)
Finance income	Income Statement	**11,916**	6,035
Net interest (continuing)		**(5,863)**	(7,811)
Net interest (discontinued)	Note 6	**-**	(56)
Net interest		**(5,863)**	(7,867)

Adjusted Net Interest

Definition
The Group defines adjusted net interest as net interest adjusted for the impact of the unwind of discount on provisions and the net finance cost on pension scheme obligations.

Calculation		**Six months ended 31 March 2017 $'000**	Six months ended 31 March 2016 $'000
Net interest	Per above	**5,863**	7,867
Unwind of discount on provisions	Note 5	**(178)**	(405)
Net finance income on pension scheme obligations (continuing)	Note 5	**98**	64
Net finance cost on pension scheme obligations (discontinued)	Note 5	**-**	(56)
Adjusted net interest		**5,783**	7,470

EBITDA (continuing)

Definition
EBITDA represents the continuing earnings before net interest, tax, depreciation, amortisation of intangible assets, exceptional items and transaction costs.

Calculation		**Six months ended 31 March 2017 $'000**	Six months ended 31 March 2016 $'000
Adjusted operating profit	Per above	**58,774**	52,192
Depreciation	Cash Flow Statement	**9,928**	9,651
Amortisation of computer software	Note 9	**1,300**	1,411
EBITDA (continuing)		**70,002**	63,254

Additional Information (continued)

Key performance indicators and non-IFRS performance measures

Annualised EBITDA

Definition

Annualised EBITDA is continuing and discontinued EBITDA for the previous 12 months adjusted for the share of joint venture profits, dividends received from joint ventures, transaction costs, profit/(loss) on disposal of fixed assets, impairment of intangible assets, the annualisation of the EBITDA of companies acquired during the period and the EBITDA of completed disposals.

Calculation	**12 months ended 31 March 2017 $'000**	12 months ended 31 March 2016 $'000
EBITDA (continuing)	**144,878**	134,331
EBITDA (discontinued)	**685**	37,240
Transaction costs (continuing)	**(3,053)**	(1,994)
Transaction costs (discontinued)	**-**	(12,660)
JV profit share (continuing)	**(623)**	(119)
JV profit share (discontinued)	**(685)**	(3,485)
Impairment of intangible assets	**806**	1,133
Loss on disposal of fixed assets	**105**	73
EBITDA of completed disposals	**-**	(454)
Adjusted to include annualised EBITDA of acquisitions	**7,493**	-
Annualised EBITDA	**149,606**	154,065

Interest cover

Definition

The interest cover ratio measures the Group's ability to pay interest charges on debt from cash flow.

Calculation		**12 months ended 31 March 2017 $'000**	12 months ended 31 March 2016 $'000
Annualised EBITDA	Per above	**149,606**	154,065
Adjusted annualised net interest		**11,147**	13,685
EBITDA interest cover (times)		**13.4**	11.3

Net cash/(debt) to EBITDA

Definition

Net debt to EBITDA ratio measures the Group's ability to pay its debt.

Calculation		**As at 31 March 2017 $'000**	As at 31 March 2016 $'000
Annualised EBITDA	Per above	**149,606**	154,065
Net cash/(debt)	Note 11	**91,086**	(259,595)
Net cash/(debt) to EBITDA (times)		**0.61**	(1.69)

Additional Information (continued)

Key performance indicators and non-IFRS performance measures

Return on capital employed (ROCE)

Definition
ROCE is the continuing adjusted operating profit expressed as a percentage of the Group's net assets employed. Net assets employed is the average of the opening and closing net assets in the period excluding net cash/(debt) adjusted for the cumulative historical amortisation of acquired intangible assets and restructuring charges on these net assets.

Calculation		**As at 31 March 2017 $'000**	As at 31 March 2016 $'000
Net assets	Balance Sheet	**819,568**	669,250
Less discontinued net assets	Note 6	**-**	(262,619)
Net (cash)/debt	Note 11	**(91,086)**	259,595
Assets before net (cash)/debt		**728,482**	666,226
Historical intangible amortisation		**150,542**	141,061
Historical restructuring costs		**43,399**	47,023
Total capital employed		**922,423**	859,085
Average total capital employed		**888,366**	854,310
Rolling 12 month adjusted operating profit (continuing)		**122,352**	113,850
Return on capital employed		**13.8%**	13.5%

Effective tax rate (continuing)

Definition
The Group continuing effective tax rate expresses the income tax expense adjusted for the tax impact of exceptional items, transaction costs and the amortisation of acquired intangible assets as a percentage of adjusted profit before tax for continuing operations.

Calculation		**Six months ended 31 March 2017 $'000**	Six months ended 31 March 2016 $'000
Adjusted profit before tax (continuing)	Per above	**52,911**	44,381
Tax charge (continuing)	Income Statement	**9,857**	9,600
Tax relief with respect to transaction costs (continuing)		**189**	-
Deferred tax credit with respect to acquired intangible amortisation (continuing)		**2,546**	1,057
Income tax expense before exceptional, transaction costs and deferred tax attaching to amortisation of acquired intangible assets		**12,592**	10,657
Effective tax rate		**23.8%**	24.0%