Independent Auditor's Report to the Members of UDG Healthcare plc

Opinion

In our opinion:

- UDG Healthcare plc's group financial statements and parent company financial statements (the "financial statements") give a true and fair view of the assets, liabilities and financial position of the group and of the parent company as at 30 September 2017 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union, and as applied in accordance with the provisions of the Companies Act 2014; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2014, and, as regards the group financial statements, Article 4 of the IAS Regulation.

We have audited the financial statements of UDG Healthcare plc which comprise:

Group	Parent company
Group Balance Sheet as at 30 September 2017	Company Balance Sheet as at 30 September 2017
Group Income Statement for the year then ended	Company Statement of Comprehensive Income for the year then ended
Group Statement of Comprehensive Income for the year then ended	Company Statement of Changes in Equity for the year then ended
Group Statement of Changes in Equity for the year then ended	Company Cash Flow Statement for the year then ended
Group Cash Flow Statement for the year then ended	Related notes 35 to 50 to the financial statements including a summary of significant accounting policies
Related notes 1 to 34 to the financial statements, including a summary of significant accounting policies	

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union, and in the case of the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2014.

Basis for Opinion

We conducted our audit in accordance with ISAs (Ireland) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group and Company in accordance with ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard as applied to public interest entities issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Overview of Our Audit Approach

Key audit matters	• Assessment of the carrying value of goodwill • Accounting for acquisitions • Revenue recognition
Audit scope	• We performed an audit of the complete financial information of 8 components and audit procedures on specific balances for a further 50 components. • The components where we performed full or specific audit procedures accounted for 88% of Profit before Tax, 94% of Revenue and 97% of Total Assets.
Materiality	• Overall group materiality of $4.6 million which represents 5% of Profit before Tax. In their prior year audit, KPMG adopted a materiality of €3.75 million based on 5% of Profit before Tax from continuing operations.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Assessment of the Carrying Value of Goodwill ($542.6 million) Refer to the Audit Committee Report (page 67); Accounting policies (page 112); and Note 12 of the Consolidated Financial Statements (page 129). The impairment review of goodwill, with a carrying value of $542.6 million, is considered to be a risk area due to the size of the balance as well as the fact that it involves significant judgement by management. Judgemental aspects include assumptions of future profitability, revenue growth, margins, and the selection of appropriate discount rates, all of which may be susceptible to management override.	Our team included valuations specialists who performed an independent assessment against external market data of key inputs used by management in calculating appropriate discount rates. We challenged the determination of the Group's 9 cash-generating units (CGUs), and flexed our audit approach relative to our risk assessment and the level of excess of value-in-use over the carrying amount in each CGU. For all CGUs selected for detailed testing, we corroborated key assumptions in the models, in particular growth rates, which we compared against historic rates achieved and external analyst forecasts. We performed a sensitivity analysis on the discount rate and the long term growth rate, to assess the level of excess of value-in-use over the carrying value in place for each CGU based on reasonably possible movements in such assumptions. We considered the adequacy of management's disclosures in respect of impairment testing and whether the disclosures appropriately communicate the underlying sensitivities.	Our observations included the headroom level by CGU, where within an acceptable range the discount rate for each CGU lay, the results of our sensitivity analysis, and an analysis of the 5 year forecast EBIT growth rate when viewed against the prior year impairment model and the current year actual growth.
Accounting for Acquisitions ($270.5 million) Refer to the Audit Committee Report (page 67); Accounting policies (page 111); and Note 28 of the Consolidated Financial Statements (page 141). During the year, the Group completed 6 acquisitions at a total cost of $270.5 million, representing a significant increase over the prior year when only 1 acquisition was completed at a cost of $23.0 million. As a result of this significant increase in activity, the accounting for acquisitions was an area where we allocated significant resources in directing the efforts of the engagement team. Particular focus was applied to the IFRS 3 requirements around the identification and valuation of intangible assets other than goodwill, and the valuation of deferred contingent consideration balances, as these areas require significant judgement to be exercised by management. The nature of these judgements result in them being susceptible to management override.	We performed procedures on all current year acquisitions including review of the underlying legal documentation, audit of the fair values of assets and liabilities arising on acquisition, and the valuation of deferred contingent consideration balances. In respect of the identification and valuation of intangible assets other than goodwill, management utilised external specialists to assist them in determining these values. Our team included valuations specialists who independently considered the outcome for each acquisition, including performing corrobarative calculations in areas such as discount rates. We also performed appropriate audit procedures to assess the competence, capabilities and objectivity of management's specialists and that the results of their work are reasonable in the circumstances and support the relevant assertions in the financial statements. We also considered the adequacy of the related disclosures, including where the initial business combination accounting was still provisional.	Our observations included a comparison of the net assets, goodwill and other intangible assets arising on each acquisition. We also analysed each of these categories as a percentage of total consideration for each acquired entity. We also commented on deferred tax aspects and the range of intangible asset useful lives determined.

Independent Auditor's Report to the Members of UDG Healthcare plc (continued)

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Revenue Recognition ($1,219.8 million) Refer to the Audit Committee Report (page 67); Accounting policies (page 114); and Note 3 of the Consolidated Financial Statements (page 118). The Group generates revenue from a variety of geographies and across a large number of separate legal entities spread across the Group's three segments. Revenue may be recorded in an incorrect period or on a basis that is inconsistent with the contractual terms agreed with clients. Certain of the Group's revenue streams involve the exercise of judgement, in particular the determination of stage of completion of individual contracts where their duration spans accounting periods. In addition, the Group must assess whether it acts as agent or principal in transactions and accordingly whether revenue should be recorded on a gross or net basis, including the treatment of any rebates received. These judgements are important, given the significance of revenue as both a growth measure and a key determinant of profit in each period.	We performed procedures on revenue at all in-scope locations, as outlined in further detail in the 'Tailoring the scope' section below. Detailed transactional testing of revenue recognised throughout the year was performed, commensurate with the higher audit risk assigned to revenue. Dependent on the nature of the revenue recognised at each location, we examined supporting documentation including client contracts, statements of works or purchase orders, sales invoices, and cash receipts. In addition, we performed cut-off procedures, revenue journal testing and client balance confirmations, and in some locations data analytics procedures were also performed. Particular focus was applied at those locations where revenue is determined over time under a stage of completion methodology or where agent versus principal considerations apply. In these circumstances we applied professional scepticism when assessing the judgments made by management.	Our observations included an outline of the range of audit procedures performed, the key judgments involved, the entities where management judgement was most prevalent and the results of our testing. We also provided our assessment of where we believe the Group's revenue recognition practices lie within a range of acceptable outcomes, and the level of subjectivity involved in revenue related estimates.

Our Application of Materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Group to be $4.6 million, which is 5% of Profit before Tax. In their prior year audit, KPMG adopted a materiality of €3.75 million based on 5% of Profit before Tax from continuing operations. Profit before Tax is a key performance indicator for the Group and is also a key metric used by the Group in the assessment of the performance of management. We therefore considered Profit before Tax to be the most appropriate performance metric on which to base our materiality calculation as we consider it to be the most relevant performance measure to the stakeholders of the Group.

During the course of our audit, we reassessed initial materiality and the only change in final materiality was to reflect the actual reported performance of the Group in the year.

Performance Materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 50% of our materiality, namely $2.3 million. We have set performance materiality at this percentage based on our assessment of the risk of misstatements, both corrected and uncorrected, with the current year being our first year as auditor.

Audit work at component locations for the purpose of obtaining audit coverage over significant financial statement accounts is undertaken based on a percentage of total performance materiality. The performance materiality set for each component is based on the relative scale and risk of the component to the Group as a whole and our assessment of the risk of misstatement at that component. In the current year, the range of performance materiality allocated to components was $1.7 million to $0.5 million.

Reporting Threshold
An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of $230,000, which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

An Overview of the Scope of Our Audit Report
Tailoring the Scope
Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each entity within the Group. Taken together, this enables us to form an opinion on the consolidated financial statements.

In determining those components in the Group at which we perform audit procedures, we utilised size and risk criteria in accordance with International Standards on Auditing (Ireland).

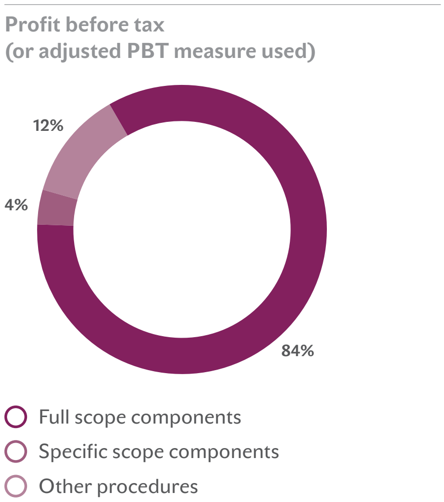
In assessing the risk of material misstatement to the Group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements, of the 154 reporting components of the Group, we selected 58 components covering entities within the US, UK, Ireland, Germany, Belgium, Netherlands, Spain, Portugal, Austria, Sweden, Turkey, Japan and Canada, which represent the principal business units within the Group.

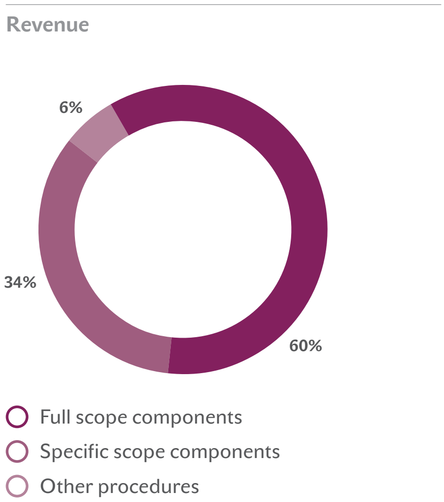
Of the 58 components selected, we performed an audit of the complete financial information of 8 components ("full scope components") which were selected based on their size or risk characteristics. For the remaining 50 components ("specific scope components"), we performed audit procedures on specific accounts within that component that we considered had the potential for the greatest impact on the significant accounts in the financial statements either because of the size of these accounts or their risk profile.

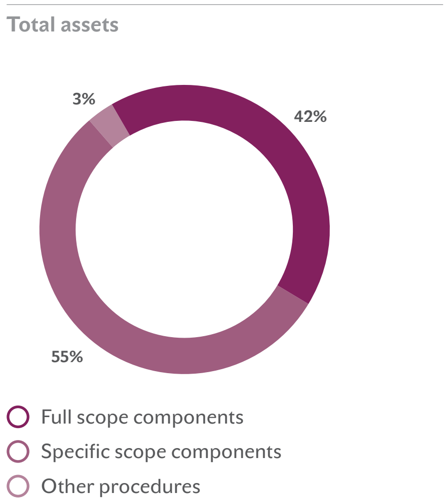
The reporting components where we performed audit procedures accounted for 88% of the Group's Profit before Tax, 94% of the Group's Revenue and 97% of the Group's Total assets. For the current year, the full scope components contributed 84% of the Group's Profit before Tax, 60% of the Group's Revenue and 42% of the Group's Total assets. The specific scope component contributed 4% of the Group's Profit before Tax, 34% of the Group's Revenue and 55% of the Group's Total assets. The audit scope of these components may not have included testing of all significant accounts of the component but will have contributed to the coverage of significant accounts tested for the Group.

Of the remaining 96 components that together represent 12% of the Group's Profit before, none are individually greater than 3% of the Group's Profit before Tax. For these components, we performed other procedures, including analytical review, testing of consolidation journals and intercompany eliminations, and foreign currency translation recalculations to respond to any potential risks of material misstatement to the financial statements.

The charts below illustrate the coverage obtained from the work performed by our audit teams.







Independent Auditor's Report to the Members of UDG Healthcare plc (continued)

Involvement with Component Teams
In establishing our overall approach to the Group audit, we determined the type of work that needed to be undertaken at each of the components by us, as the primary audit engagement team, or by component auditors from other EY global network firms operating under our instruction. Of the 8 full scope components, audit procedures were performed on 1 of these directly by the primary audit team and on 7 by component audit teams. For the 45 full scope and specific scope components, where the work was performed by component auditors, we determined the appropriate level of involvement to enable us to determine that sufficient audit evidence had been obtained as a basis for our opinion on the Group as a whole.

The Group audit team completed a programme of planned visits which has been designed to ensure that senior members of the Group audit team, including the Audit Engagement Partner, visit a number of overseas locations each year. During the current year's audit cycle, visits were undertaken to the component teams in the US and Germany. These visits involved discussing the audit approach with the component team and any issues arising from their work, meeting with local management and attending planning and closing meetings. The Group audit team interacted regularly with the component teams where appropriate during various stages of the audit, reviewed key working papers as deemed necessary and were responsible for the scope and direction of the audit process. This, together with the additional procedures performed at Group level, gave us appropriate evidence for our opinion on the group financial statements.

Conclusions Relating to Principal Risks, Going Concern and Viability Statement
We have nothing to report in respect of the following information in the annual report, in relation to which the ISAs (Ireland) require us to report to you if we have anything material to add or draw attention to:
- the disclosures in the annual report set out on pages 21 to 23 that describe the principal risks and explain how they are being managed or mitigated;
- the directors' confirmation set out on page 20 in the annual report that they have carried out a robust assessment of the principal risks facing the entity, including those that would threaten its business model, future performance, solvency or liquidity;
- the directors' statement set out on page 20 in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the entity's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- whether the directors' statement in relation to going concern required under the Listing Rules in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit; and
- the directors' explanation set out on page 20 in the annual report as to how they have assessed the prospects of the entity, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the entity will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Other Information
The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:
- Fair, balanced and understandable (set out on page 94) – the statement given by the directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- Audit committee reporting (set out on pages 66 to 69) – the section describing the work of the audit committee does not appropriately address matters communicated by us to the audit committee or is materially inconsistent with our knowledge obtained in the audit; or
- Directors' statement of compliance with the UK Corporate Governance Code (set out on page 59) – the parts of the directors' statement required under the Listing Rules relating to the Company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

Opinions on Other Matters Prescribed by The Companies Act 2014

Based solely on the work undertaken in the course of the audit, we report that:
- in our opinion, the information given in the Directors' Report is consistent with the financial statements; and
- in our opinion, the Directors' Report has been prepared in accordance with the Companies Act 2014.

We have obtained all the information and explanations which we consider necessary for the purposes of our audit.

In our opinion the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited and the Company statement of financial position is in agreement with the accounting records.

Matters on Which We Are Required to Report by Exception

Based on the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

The Companies Act 2014 requires us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions required by sections 305 to 312 of the Act are not made. We have nothing to report in this regard.

Respective Responsibilities

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set on page 94, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The objectives of our audit, in respect to fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and to respond appropriately to fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:
- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group across the various jurisdictions globally in which the Group operates. We determined that the most significant are those that relate to the form and content of external financial and corporate governance reporting including company law, tax legislation, employment law and regulatory compliance with agencies such as the US Food and Drug Administration.
- We understood how UDG Healthcare plc is complying with those frameworks by making enquiries of management, internal audit, those responsible for legal and compliance procedures and the company secretary. We corroborated our enquiries through our review of the Group's Compliance Policy, board minutes, papers provided to the audit committee and correspondence received from regulatory bodies.
- We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur, by meeting with management, including within various parts of the business, to understand where they considered there was susceptibility to fraud. We also considered performance targets and the potential for management to influence earnings or the perceptions of analysts. Where this risk was considered to be higher, we performed audit procedures to address each identified fraud risk. These procedures included testing manual journals and were designed to provide reasonable assurance that the financial statements were free from fraud or error.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures included a review of board minutes to identify any noncompliance with laws and regulations, a review of the reporting to the audit committee on compliance with regulations, enquiries of internal general counsel and management.

A further description of our responsibilities for the audit of the financial statements is located on the IAASA's website at:
http://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsiblities_for_audit.pdf.
This description forms part of our auditor's report.

Independent Auditor's Report to the Members of UDG Healthcare plc (continued)

Other matters which we are required to address
We were appointed by the Audit Committee following the AGM held on 7 February 2017 to audit the financial statements for the year ending 30 September 2017 and subsequent financial periods. This is our first year of engagement.

The non-audit services prohibited by IAASA's Ethical Standard were not provided to the Group or Company and we remain independent of the Group and Company in conducting our audit.

Our audit opinion is consistent with the additional report to the Audit Committee.

The purpose of our audit work and to whom we owe our responsibilities
Our report is made solely to the Company's members, as a body, in accordance with section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Breffni Maguire
for and on behalf of
Ernst & Young Chartered Accountants and Statutory Audit Firm
Dublin

4 December 2017

Group Income Statement
for the year ended 30 September 2017

Continuing operations	Note	2017 $'000	As re-presented and restated 2016 $'000
Revenue	3	**1,219,755**	1,083,439
Cost of sales		**(871,909)**	(767,833)
Gross profit		**347,846**	315,606
Selling and distribution expenses		**(192,536)**	(177,543)
Administrative expenses		**(23,313)**	(20,854)
Other operating expenses		**(25,450)**	(18,213)
Transaction costs	28	**(4,028)**	(2,214)
Share of joint ventures' profit after tax	14	**667**	798
Operating profit	5	**103,186**	97,580
Finance income	6	**18,905**	5,311
Finance expense	6	**(29,257)**	(19,349)
Profit before tax from continuing operations		**92,834**	83,542
Income tax expense	7	**(20,976)**	(15,428)
Profit for the financial year from continuing operations		**71,858**	68,114
Profit after tax for the financial year from discontinued operations	8	**–**	150,409
Profit for the financial year		**71,858**	218,523
Profit attributable to:			
Continuing operations		**71,858**	68,114
Discontinued operations	8	**–**	150,409
		71,858	218,523
Earnings per ordinary share			
Basic – continuing operations	10	**28.97c**	27.64c
Basic – discontinued operations	10	**–**	61.04c
Basic	10	**28.97c**	88.68c
Diluted – continuing operations	10	**28.83c**	27.53c
Diluted – discontinued operations	10	**–**	60.79c
Diluted	10	**28.83c**	88.32c

On behalf of the Board

P. Gray
Director

B. McAtamney
Director

Group Statement of Comprehensive Income
for the year ended 30 September 2017

	Note		2017 $'000		As re-presented and restated 2016 $'000
Profit for the financial year			**71,858**		218,523
Other comprehensive income/(expense):					
Items that will not be reclassified to profit or loss:					
Remeasurement gain/(loss) on Group defined benefit schemes	29				
– Continuing operations			**11,098**		(9,409)
– Discontinued operations			**–**		1,177
Deferred tax on Group defined benefit schemes	27				
– Continuing operations			**(599)**		599
– Discontinued operations			**–**		(232)
			10,499		(7,865)
Items that may be reclassified subsequently to profit or loss:					
Foreign currency translation adjustment	20				
– Continuing operations			**10,109**		(60,031)
– Discontinued operations			**–**		(2,045)
Reclassification on loss of control	20		**–**		5,283
Group cash flow hedges:					
– Effective portion of cash flow hedges – movement into reserve		**(15,271)**		(5,483)	
– Effective portion of cash flow hedges – movement out of reserve		**14,865**		(896)	
Effective portion of cash flow hedges	20		**(406)**		(6,379)
– Movement in deferred tax – movement into reserve		**1,909**		685	
– Movement in deferred tax – movement out of reserve		**(1,858)**		113	
Net movement in deferred tax	20		**51**		798
			9,754		(62,374)
Other comprehensive income/(expense), net of tax			**20,253**		(70,239)
Total comprehensive income, net of tax, attributable to equity holders of the parent			**92,111**		148,284
Total comprehensive income/(expense) attributable to:					
Continuing operations			**92,111**		(6,308)
Discontinued operations			**–**		154,592
			92,111		148,284

Group Statement of Changes in Equity
for the year ended 30 September 2017

	Equity share capital $'000	Share premium $'000	Retained earnings $'000	Other reserves (Note 20) $'000	Attributable to owners of the parent $'000	Non-controlling interest $'000	Total equity $'000
At 1 October 2016	**14,535**	**187,355**	**784,432**	**(179,446)**	**806,876**	**–**	**806,876**
Profit for the financial year	**–**	**–**	**71,858**	**–**	**71,858**	**–**	**71,858**
Other comprehensive income/(expense):							
Effective portion of cash flow hedges	**–**	**–**	**–**	**(406)**	**(406)**	**–**	**(406)**
Deferred tax on cash flow hedges	**–**	**–**	**–**	**51**	**51**	**–**	**51**
Translation adjustment	**–**	**–**	**–**	**10,109**	**10,109**	**–**	**10,109**
Remeasurement gain on defined benefit schemes	**–**	**–**	**11,098**	**–**	**11,098**	**–**	**11,098**
Deferred tax on defined benefit schemes	**–**	**–**	**(599)**	**–**	**(599)**	**–**	**(599)**
Total comprehensive income for the year	**–**	**–**	**82,357**	**9,754**	**92,111**	**–**	**92,111**
Transactions with shareholders:							
New shares issued	**46**	**3,129**	**–**	**–**	**3,175**	**–**	**3,175**
Issued in business combination	**39**	**6,012**	**–**	**–**	**6,051**	**–**	**6,051**
Share-based payment expense	**–**	**–**	**–**	**3,613**	**3,613**	**–**	**3,613**
Dividends paid to equity holders	**–**	**–**	**(31,279)**	**–**	**(31,279)**	**–**	**(31,279)**
Release from share-based payment reserve	**–**	**–**	**577**	**(577)**	**–**	**–**	**–**
Non-controlling interest arising on acquisition	**–**	**–**	**–**	**–**	**–**	**109**	**109**
At 30 September 2017	**14,620**	**196,496**	**836,087**	**(166,656)**	**880,547**	**109**	**880,656**

for the year ended 30 September 2016

	Equity share capital $'000	Share premium $'000	Retained earnings $'000	Other reserves (Note 20) $'000	Total equity as re-presented and restated $'000
At 1 October 2015	14,430	183,000	600,793	(116,219)	682,004
Profit for the financial year	–	–	218,523	–	218,523
Other comprehensive income/(expense):					
Effective portion of cash flow hedges	–	–	–	(6,379)	(6,379)
Deferred tax on cash flow hedges	–	–	–	798	798
Translation adjustment					
– Continuing operations	–	–	–	(60,031)	(60,031)
– Discontinued operations	–	–	–	(2,045)	(2,045)
Reclassification on loss of control of subsidiary undertakings	–	–	–	5,283	5,283
Remeasurement (loss)/gain on defined benefit schemes					
– Continuing operations	–	–	(9,409)	–	(9,409)
– Discontinued operations	–	–	1,177	–	1,177
Deferred tax on defined benefit schemes					
– Continuing operations	–	–	599	–	599
– Discontinued operations	–	–	(232)	–	(232)
Total comprehensive income/(expense) for the year	–	–	210,658	(62,374)	148,284
Transactions with shareholders:					
New shares issued	105	4,355	–	–	4,460
Share-based payment expense	–	–	–	2,184	2,184
Dividends paid to equity holders	–	–	(30,056)	–	(30,056)
Release from share-based payment reserve	–	–	3,037	(3,037)	–
At 30 September 2016	14,535	187,355	784,432	(179,446)	806,876

Group Balance Sheet
as at 30 September 2017

	Note	2017 $'000	As re-presented (Note 32) 2016 $'000	As re-presented (Note 32) 2015 $'000
ASSETS				
Non-current				
Property, plant and equipment	11	**168,403**	136,877	132,087
Goodwill	12	**542,554**	384,520	401,306
Intangible assets	13	**227,617**	108,322	113,927
Investment in joint ventures and associates	14	**8,838**	9,067	25,855
Derivative financial instruments	30	**1,302**	13,185	24,700
Deferred income tax assets	27	**4,025**	4,296	4,463
Employee benefits	29	**12,379**	13,939	14,639
Total non-current assets		**965,118**	670,206	716,977
Current				
Inventories	15	**55,060**	54,941	61,636
Trade and other receivables	16	**307,388**	233,791	229,939
Cash and cash equivalents		**187,469**	428,729	239,832
Current income tax assets		**2,464**	4,532	1,806
Derivative financial instruments	30	**2,450**	8,239	5,321
Assets held for sale	8	**–**	–	530,821
Total current assets		**554,831**	730,232	1,069,355
Total assets		**1,519,949**	1,400,438	1,786,332
EQUITY				
Equity share capital	17	**14,620**	14,535	14,430
Share premium	19	**196,496**	187,355	183,000
Other reserves	20	**(166,656)**	(179,446)	(116,219)
Retained earnings	21	**836,087**	784,432	600,793
Equity attributable to owners of the parent		**880,547**	806,876	682,004
Non-controlling interest	22	**109**	–	–
Total equity		**880,656**	806,876	682,004
LIABILITIES				
Non-current				
Interest-bearing loans and borrowings	23	**244,077**	242,108	465,866
Provisions	25	**58,470**	6,084	8,411
Employee benefits	29	**3,162**	20,442	20,505
Deferred income tax liabilities	27	**54,279**	31,008	31,424
Derivative financial instruments	30	**352**	–	–
Total non-current liabilities		**360,340**	299,642	526,206
Current				
Interest-bearing loans and borrowings	23	**58**	64,882	23,315
Trade and other payables	24	**248,145**	204,468	214,831
Current income tax liabilities		**16,845**	14,587	4,988
Provisions	25	**13,905**	9,983	20,931
Liabilities held for sale	8	**–**	–	314,057
Total current liabilities		**278,953**	293,920	578,122
Total liabilities		**639,293**	593,562	1,104,328
Total equity and liabilities		**1,519,949**	1,400,438	1,786,332

On behalf of the Board

P. Gray
Director

B. McAtamney
Director

Group Cash Flow Statement
for the year ended 30 September 2017

	2017 $'000	2016 (As re-presented) Continuing operations $'000	Discontinued operations $'000	Total $'000
Cash flows from operating activities				
Profit before tax	**92,834**	83,542	151,220	234,762
Finance income	**(18,905)**	(5,311)	(8)	(5,319)
Finance expense	**29,257**	19,349	64	19,413
Operating profit	**103,186**	97,580	151,276	248,856
Share of joint ventures' profit after tax	**(667)**	(798)	(1,659)	(2,457)
Depreciation charge	**21,221**	20,032	–	20,032
Loss/(profit) on disposal of property, plant and equipment	**55**	71	(12)	59
Impairment of intangible assets	**–**	798	1,133	1,931
Amortisation of intangible assets	**25,450**	18,213	–	18,213
Share-based payment expense	**3,613**	2,184	–	2,184
Decrease in inventories	**1,893**	3,452	3,870	7,322
Increase in trade and other receivables	**(24,612)**	(9,783)	(10,074)	(19,857)
Increase/(decrease) in trade payables, provisions and other payables	**2,934**	(8,663)	(32,081)	(40,744)
Exceptional items paid	**(165)**	(2,564)	–	(2,564)
Profit on disposal of discontinued operations	**–**	–	(150,780)	(150,780)
Impairment of assets held for sale	**–**	–	18,842	18,842
Interest paid	**(10,608)**	(12,201)	–	(12,201)
Income taxes paid	**(14,522)**	(13,716)	(777)	(14,493)
Net cash inflow/(outflow) from operating activities	**107,778**	94,605	(20,262)	74,343
Cash flows from investing activities				
Interest received	**1,044**	663	8	671
Purchase of property, plant and equipment	**(29,466)**	(31,736)	(2,533)	(34,269)
Proceeds from disposal of property, plant and equipment	**146**	435	12	447
Investment in intangible assets – computer software	**(21,884)**	(10,926)	(6,648)	(17,574)
Acquisition of subsidiaries (net of cash and cash equivalents acquired)	**(198,439)**	(14,446)	–	(14,446)
Deferred contingent acquisition consideration paid	**(14,265)**	(17,331)	–	(17,331)
Disposal of subsidiary undertakings (net of cash and cash equivalents disposed)	**–**	447,112	(21,389)	425,723
Net cash (outflow)/inflow from investing activities	**(262,864)**	373,771	(30,550)	343,221
Cash flows from financing activities				
Proceeds from issue of shares (including share premium thereon)	**3,175**	4,460	–	4,460
Repayments of interest-bearing loans and borrowings	**(63,266)**	(178,696)	–	(178,696)
Group transfers	**–**	2,879	(2,879)	–
Decrease in finance leases	**(3)**	(80)	–	(80)
Dividends paid to equity holders of the Company	**(31,279)**	(30,056)	–	(30,056)
Net cash outflow from financing activities	**(91,373)**	(201,493)	(2,879)	(204,372)
Net (decrease)/increase in cash and cash equivalents	**(246,459)**	266,883	(53,691)	213,192
Translation adjustment	**5,199**			(24,295)
Cash and cash equivalents at beginning of year	**428,729**			239,832
Cash and cash equivalents at end of year	**187,469**			428,729
Cash and cash equivalents is comprised of:				
Cash at bank and short term deposits	**187,469**			428,729

Notes forming part of the Group Financial Statements

1. Significant Accounting Policies

UDG Healthcare plc (the 'Company') is a public limited company incorporated in Ireland. The Consolidated Financial Statements of the Company for the year ended 30 September 2017 comprise the Company and its subsidiaries (together referred to as the 'Group') and the Group's interest in joint venture undertakings and associates using the equity method of accounting.

The accounting policies applied in the preparation of the Financial Statements for the year ended 30 September 2017 are set out below.

Statement of Compliance

The Group Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU. The individual Financial Statements of the Company (Company Financial Statements) have been prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the Companies Act 2014. The Company has availed of the exemption contained in Section 304 (2) of the Companies Act 2014 which permits a company which publishes its Company and Group Financial Statements together to exclude the Company Income Statement and related notes that form part of the approved Company Financial Statements from the Financial Statements presented to its members and from the requirement to file it with the Registrar of Companies.

The accounting policies adopted are consistent with those of the previous year except for the change in the Group's presentation currency from euro to US dollar and the following new and amended IFRSs and International Financial Reporting Interpretations Committee (IFRIC) interpretations that were adopted by the Group as of 1 October 2016:

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

These are effective for the Group's financial year ended 30 September 2017 but did not have a material effect on the results or financial position of the Group.

The IASB and the International Financial Reporting Interpretations Committee (IFRIC) have issued the following standards, amendments to existing standards and interpretations that are not yet effective for the Group:

- Annual Improvements to IFRSs 2014-2016 Cycle: As part of its annual improvement process, the IASB has published necessary amendments to IFRS. The topics covered in these revisions are listed below:
  - IFRS 1 (effective 1 January 2018): First-time Adoption of International Financial Reporting Standards: Deletion of short term exemptions for first time adopters
  - IFRS 12 (effective 1 January 2017): Disclosure of Interests in Other Entities: Clarification of the scope of the disclosure requirements
  - IAS 28 (effective 1 January 2018): Investments in Associates and Joint Ventures: Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice
- IFRIC Interpretation 22: Foreign Currency Transactions and Advance Consideration (*) (effective 1 January 2018): The interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transaction for each payment or receipt of advance consideration.
- IFRIC Interpretation 23: Uncertainty over Income Tax Treatments (*) (effective 1 January 2019): The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12. The Interpretation does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.
- Amendments to IAS 7: Disclosure Initiative (effective 1 January 2017): The Amendments to IAS 7 require entities to provide disclosures that enable users to evaluate changes in liabilities arising from financing activities. An entity applies its judgement when determining the exact form and content of the disclosures needed to satisfy this requirement. The Amendments also suggest a number of specific disclosures that may be necessary in order to satisfy the above requirement.
- Amendments to IAS 12 (effective 1 January 2017): Recognition of deferred tax assets for unrealised losses: The Amendments clarify that deductible temporary differences arise from unrealised losses on debt instruments measured at fair value. This is regardless of whether the instrument is recovered through sale or by holding it to maturity or whether it is probable that the issuer will pay all contractual cash flows. Entities are therefore required to recognise deferred taxes for temporary differences from unrealised losses on debt instruments measured at fair value if all other recognition criteria for deferred taxes are met.

- Amendments to IAS 40 (effective 1 January 2018): Transfers of Investment Property (*): The Amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The Amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use.
- Amendments to IFRS 2 (*) (effective 1 January 2018): Classification and measurement of share-based payment transactions: The Amendments clarify how to account for certain types of share-based payment transactions. Once the amendments are applied, the timing and amount of expense recognised for new and outstanding awards could change. They specifically provide requirements on the accounting for:
  - the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;
  - share-based payment transactions with a net settlement feature for withholding tax obligations; and
  - a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.
- Amendments to IFRS 10 and IAS 28 (this has been deferred by the IASB): Sale or contribution of assets between an investor and its associate or joint venture: The amendments address an inconsistency between the two standards in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if those assets are housed in a subsidiary.

A number of the standards (*) set out above have not yet been EU endorsed. These standards, interpretations and amendments to existing standards will be applied for the purposes of the Group and Company Financial Statements with effect from their respective effective dates. The Group is currently considering the impact of the above interpretations and amendments, however, they are not expected to materially impact the Group.

Discussion on the major standards are included below.

IFRS 16 Leases

IFRS 16, published in January 2016 and effective on 1 January 2019, replaces the existing guidance in IAS 17 'Leases'. IFRS 16 eliminates the classification of leases as either operating leases or finance leases. It introduces a single lessee accounting model, which requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months and depreciation of lease assets separately from interest on lease liabilities in the income statement.

The Group is assessing the potential impact on its Consolidated Financial Statements resulting from the application of IFRS 16. Early indications from our initial review of IFRS 16 is that the adoption of this new standard will have a material impact on the Group's Consolidated Income Statement and Consolidated Balance Sheet as follows:

Income Statement

Operating expenses will decrease, as the Group currently recognises operating lease expenses in either cost of sales or selling and distribution expenses (depending on the nature of the lease). The Group's lease expense for 2017 was $29,058,000 (2016: $28,128,000) and is disclosed in Note 5 to the Consolidated Financial Statements.

Depreciation and finance costs as currently reported in the Group's Income Statement will increase, as under the new Standard the right-of-use asset will be capitalised and depreciated over the term of the lease with an associated finance cost applied annually to the lease liability.

Balance Sheet

At the transition date the Group will calculate the lease commitments outstanding at that date and apply the appropriate discount rate to calculate the present value of the lease commitment. The Group expects to adopt IFRS 16 by applying the fully retrospective application as permitted by the Standard. The Group's commitment outstanding on all leases as at 30 September 2017 is $104,307,000 (2016: $102,582,000) (see Note 26).

The Group has been assessing the impact of the new Standard, however, the approximate financial impact of the Standard is as yet unknown, as a number of factors impact the calculation of the liability, such as discount rate, the expected term of leases including renewal options and exemptions for short-term leases and low-value items.

The Group's commitment as at 30 September 2017 provides an indication of the scale of leases held and how significant leases currently are to the Group's business. However, for the reasons highlighted above, this amount should not be used as a proxy for the impact of IFRS 16 on the Consolidated Balance Sheet. The Group will continue to assess its portfolio of leases to calculate the impending impact of transition to the new Standard.

In addition to the impacts above, there will also be significant increased disclosures when the Group adopts IFRS 16.

Notes forming part of the Group Financial Statements (continued)

1. Significant Accounting Policies (continued)

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments, effective on 1 January 2019, addresses the classification, measurement and derecognition of financial assets and liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

The new hedge accounting rules will align the accounting for hedging instruments more closely with the Group's risk management practices. As a general rule, more hedge relationships may be eligible for hedge accounting, as the Standard introduces a more principles-based approach. The Group has performed an initial assessment on the impact of IFRS 9, and it would appear that the Group's current hedge relationships would qualify as continuing hedges upon the adoption of IFRS 9. Accordingly, the Group does not expect a significant impact on the accounting for its hedging relationships.

The new Standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the first year of adoption of the new Standard.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 Revenue from Contracts with Customers will replace IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. The new standard is effective from 1 January 2018. IFRS 15 introduces a number of new concepts and requirements and also provides guidance and clarification on existing practice.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to clients in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the client. The Group is assessing the potential impact on its Consolidated Financial Statements resulting from the application of IFRS 15. Findings from our initial review of IFRS 15 are that the impact of this new standard on the Group's results is unlikely to be material, however, there will be increased disclosures when the Group adopts IFRS 15.

Change in Presentation Currency

The Group is presenting its results in US Dollars for the first time having previously reported in Euro. This change should help to provide a clearer understanding of the Group's financial performance as 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.

In order to satisfy the requirements of IAS 21 with respect to a change in presentation currency, the statutory financial information as previously reported in the Group's Annual Reports have been restated from Euro into US Dollars using the procedures outlined below:

- Assets and liabilities were translated to US Dollars at the closing rates of exchange at each respective balance sheet date.
- 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 years. This has been deemed to be a reasonable approximation.
- Differences resulting from the retranslation were taken to reserves.
- All exchange rates used were extracted from the Group's underlying financial records.

Please see Note 32 for further information on the procedures used to restate comparative information and the impact on the prior year results, closing balance sheet and the numerator for earnings per share as originally reported.

A change in presentation currency represents a change in accounting policy which is accounted for retrospectively.

Basis of Preparation

The Consolidated Financial Statements are presented in US dollars and rounded to the nearest thousand, are prepared on a going concern basis. The Company Financial Statements continue to be presented in euro and rounded to the nearest thousand, and are prepared on a going concern basis. The Consolidated Financial Statements have been prepared under the historical cost convention as modified by the measurement at fair value of share-based payments, retirement benefit obligations and certain financial assets and liabilities including derivative financial instruments.

The preparation of Financial Statements in accordance with IFRS as adopted by the EU requires management to make certain judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The Parent Company's Financial Statements included on pages 162 to 171 are prepared using accounting policies which are consistent with the accounting policies applied to the Consolidated Financial Statements by the Group. The accounting policies are set out below and they have also been applied consistently by all of the Group's subsidiaries and joint ventures to all years presented in these Financial Statements.

Basis of Consolidation
The Group's Financial Statements include the Financial Statements of the Company and all of its subsidiaries, joint ventures and associates.

Accounting for Subsidiaries, Joint Ventures and Associates
Subsidiaries are entities controlled by the Group. Control exists when the Group is exposed, or has rights to variable returns from its involvement with the investee and has the ability to effect these returns through its power over the investee. In assessing control, potential voting rights that currently are exercisable or convertible are taken into account. The Financial Statements of subsidiaries are included in the Group Financial Statements from the date that control commences until the date that control ceases.

Intragroup balances and any unrealised income and expenses arising from intragroup transactions are eliminated in preparing the Group Financial Statements. Unrealised gains arising from transactions with equity accounted joint ventures are eliminated against the investment to the extent of the Group's interest. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent there is no evidence of impairment.

Joint ventures are those entities where the rights are to share in the net assets and over whose activities the Group has joint control, established by contractual arrangement and requiring unanimous consent for strategic, financial and operational decisions. An associate is an enterprise over which the Group has significant influence, but not control, through participation in the financial and operating policy decisions of the investee. Joint ventures and associates are included in the Financial Statements using the equity method of accounting, from the date that joint control and significant influence commence, until the date that joint control and significant influence cease. The Income Statement reflects in operating profit, the Group's share of profit after tax of its joint ventures in accordance with IFRS 11 Joint Arrangements. The Group's interest in its net assets is included as investment in joint ventures in the Balance Sheet at an amount representing the Group's share of the fair value of the identifiable net assets at acquisition plus the Group's share of post-acquisition retained profits or losses and other comprehensive income less dividends received from the joint ventures and goodwill arising on the investment and intercompany transactions that are eliminated.

Business Combinations
Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

The Group measures goodwill at the acquisition date as:
- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities that the Group incurs in connection with completed business combinations are expensed as incurred.

Any deferred contingent consideration payable is measured at fair value at the acquisition date. If the deferred contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within Equity. Otherwise, subsequent changes in the fair value of the deferred contingent consideration are recognised in profit or loss.

When share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

Intangible Assets – Acquired
Intangible assets that are acquired by the Group in a business combination are stated at cost less accumulated amortisation and impairment losses, when separable or arising from contractual or other legal rights and when they can be measured reliably.

Amortisation is charged to the Income Statement on a straight line basis over the estimated useful lives of the intangible assets. Intangible assets are amortised over the following range of periods:

Customer relationships	6–15 years
Trade names	2–15 years
Technology	3–10 years
Contract based	6 months

Notes forming part of the Group Financial Statements (continued)

1. Significant Accounting Policies (continued)

Intangible Assets – Computer Software

Computer software, including computer software which is not an integrated part of an item of computer hardware, is stated at cost less any accumulated amortisation and any accumulated impairment losses. Cost comprises purchase price and any other directly attributable costs.

Computer software is recognised if it meets the following criteria:
- an asset can be separately identified;
- it is probable that the asset created will generate future economic benefits;
- the development cost of the asset can be measured reliably;
- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Costs relating to the development of computer software for internal use are capitalised once the recognition criteria outlined above are met. Computer software is amortised over its expected useful life, which ranges from three to ten years, by charging equal instalments to the Income Statement from the date the assets are ready for use.

Property, Plant and Equipment

Property, plant and equipment is reported at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Depreciation is calculated, on a straight line basis on cost less estimated residual value, to write property, plant and equipment off over their anticipated useful lives using the following annual rates:

Land and buildings	
– Freehold land	not depreciated
– Freehold buildings	2–7%
Plant and equipment	10–20%
Computer equipment	20–33%
Motor vehicles	20%
Assets under construction	not depreciated

The residual value of assets, if not insignificant, and the useful life of assets are reassessed annually. Gains and losses on disposals are determined by comparing the consideration received with the carrying amount at the date of disposal and are included in operating profit.

Assets Held for Sale and Discontinued Operations

Non-current assets and disposal groups that are expected to be recovered primarily through sale rather than continuing use are classified as held for sale. These assets are shown in the Balance Sheet at the lower of their carrying amount and fair value less any disposal costs. Impairment losses on initial classification as assets held for sale and subsequent gains or losses on remeasurement are recognised in the Income Statement.

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:
- represents a separate major line of business or geographic area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held for sale. When an operation is classified as a discontinued operation, the comparative statement of profit or loss and other comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year.

Impairment Reviews and Testing

The carrying amounts of the Group's non-financial assets, other than inventories (which are carried at the lower of cost and net realisable value) and deferred tax assets (which are recognised based on recoverability), are reviewed on an annual basis to determine whether there is any indication of impairment. If such an indication exists, then the asset is tested for impairment.

The recoverable amount of a non-financial asset or cash generating unit is the greater of its fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or groups of assets (the 'cash generating unit'). Goodwill acquired in a business combination is allocated to cash generating units that are expected to benefit from the combination's synergies. An impairment loss is recognised if the carrying amount of an asset or its cash generating unit exceeds its estimated recoverable amount.

Goodwill is subject to impairment testing on an annual basis.

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss arising on financial assets is recognised in the income statement. Individually significant financial assets are tested for impairment on an individual basis.

An impairment loss, other than in the case of goodwill, is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

All impairment losses are recognised in the Income Statement.

Leases

Leases of property, plant and equipment, where the Group assumes substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased asset and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in interest-bearing loans and borrowings. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset or the lease term.

Leases where substantially all of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight line basis over the term of the lease.

Inventories

Inventories are measured at the lower of cost and net realisable value. Cost is based on the first in, first out principle and includes all expenditure which has been incurred in the normal course of business in bringing the products to their present location and condition. Net realisable value is the estimated selling price of inventory on hand in the ordinary course of business less all costs expected to be incurred in marketing, selling and distribution.

Foreign Currency

Transactions in foreign currencies are translated into the functional currency of the related entity at the foreign exchange rate ruling at the date of the transaction. Non-monetary assets and liabilities that are measured based on historical cost are not subsequently re-translated. Non-monetary assets carried at fair value are subsequently remeasured at the exchange rate at the date fair value was determined. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into functional currencies at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the Income Statement, except for qualifying cash flow hedges and a financial liability designated as a hedge of the net investment in a foreign operation, which are recognised directly in Other Comprehensive Income.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to US dollars at the foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated to US dollars at the average exchange rate for the financial period. Foreign exchange differences arising on translation of foreign operations are recognised in Other Comprehensive Income and accumulated in the foreign exchange reserve within Equity.

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

Notes forming part of the Group Financial Statements (continued)

1. Significant Accounting Policies (continued)

Hedge of Net Investment in Foreign Operation

Foreign currency differences arising on the retranslation of a financial liability designated as a hedge of a net investment in a foreign operation are recognised in Other Comprehensive Income to the extent that the hedge is effective and are presented within Equity in the foreign exchange translation reserve. To the extent that the hedge is ineffective, such differences are recognised in profit or loss. When the hedged part of a net investment is disposed of, the associated cumulative amount in equity is transferred to profit or loss as an adjustment to the profit or loss on disposal.

Financial Guarantee Contracts

Where the Group enters into financial guarantee contracts to guarantee the indebtedness of other parties, the Group considers these to be insurance arrangements and accounts for them as such. The Group treats the guarantee contract as a contingent liability until such time as it becomes probable that the Group will be required to make a payment under the guarantee.

Revenue Recognition

Revenue represents the fair value of consideration received or receivable (net of returns, trade discounts and rebates) for products and services provided in the course of ordinary activity to third party clients in the financial reporting period. The fair value of sales is exclusive of value added tax and after allowances for discounts and is recognised in the Income Statement when the significant risks and rewards of ownership have been transferred to the buyer, the consideration can be measured reliably and it is probable that the economic benefits will flow to the Group. Discounts granted to clients are recognised as a reduction in sales revenue at the time of the sale based on management's estimate of the likely discount to be awarded to clients.

Revenue from services rendered is recognised in the Income Statement in proportion to the stage of completion of the related contract or fully when no further obligations exist on the related service contract. Where the outcome of the contract can be measured reliably, stage of completion is measured by reference to services completed to date as a percentage of total services to be performed. Where services are to be performed rateably over a period of time, revenue is recognised on a straight line basis over the period of the contract.

When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount of commission earned by the Group.

Exceptional Items

With respect to exceptional items, the Group has applied an income statement format which seeks to highlight significant items within Group results for the year. Such items may include restructuring costs, profit or loss on disposal or termination of operations, litigation costs and settlements, profit or loss on disposal of investments and impairment of assets. The Group exercises judgement in assessing the particular items which, by virtue of their scale and nature, should be disclosed in the Income Statement and related notes as exceptional items. The Group believes that such a presentation provides a more helpful analysis as it highlights material items of a non-recurring nature.

Finance Income and Expense

Finance income comprises interest income on funds invested, changes in the fair value of financial assets at fair value through profit or loss, and gains on hedging instruments that are recognised in profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance expense comprises interest expense on borrowings, unwinding of the discount on provisions, changes in the fair value of financial assets and losses on hedging instruments that are recognised in profit or loss. All borrowing costs are recognised in profit or loss using the effective interest rate method.

Employee Benefits

Pension obligations

A defined contribution pension plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the Income Statement as incurred.

A defined benefit plan is a post-employment plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior years, discounting that amount and deducting the fair value of any plan assets. The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in Other Comprehensive Income. The Group determines the net interest expense/(income) on the net benefit liability/(asset) for the year by applying the discount rate used to measure the defined benefit obligation at the beginning of the year to the then net benefit liability/(asset), taking into account any changes in the net defined benefit liability/(asset) during the year as a result of contributions and benefit payments. The discount rate applied is the yield at the balance sheet date on high quality corporate bonds that have maturity dates approximating the terms of the Group's obligations.

Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss. When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in the profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Performance related incentive plans
The Group recognises the present value of a liability for short term employee benefits, including costs associated with performance related incentive plans, in the Income Statement when an employee has rendered service in exchange for these benefits and a constructive obligation to pay those benefits arises.

Share-based payment transactions
The Group operates a Long Term Incentive Plan and share option scheme which allow executive directors and employees acquire shares in the Company. All schemes are equity settled arrangements under IFRS 2 Share-based Payments.

The grant-date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with market-based vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Income Tax Expense
Income tax expense for the year comprises current and deferred tax. Taxation is recognised in the Income Statement except to the extent that it relates to items recognised directly in Equity or Other Comprehensive Income, in which case the related tax is recognised directly in Equity or Other Comprehensive Income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates and laws that have been enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

If the deferred tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction does not affect accounting nor taxable profit or loss, it is not recognised. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same tax entity or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis.

Segmental Reporting
Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) who is responsible for allocating resources and assessing performance of the operating segments. The Group has determined that it has three reportable operating segments: Ashfield, Sharp and Aquilant.

Notes forming part of the Group Financial Statements (continued)

1. Significant Accounting Policies (continued)

Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and deposits, including bank deposits of less than six months' maturity from the commencement date. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the Group and Company Cash Flow Statements.

Trade and Other Receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment.

A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows. The amount of the provision is recognised in the Group Income Statement.

Financial Instruments

Derivative financial instruments

The Group uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operating, financing and investment activities. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in the Income Statement, except where derivatives qualify for hedge accounting, in which case recognition of any resultant gain or loss depends on the nature of the item being hedged, as set out below.

The fair value of interest rate swaps is the estimated amount that the Group would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rates and the current creditworthiness of the swap counterparties.

Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecasted transaction, the effective part of changes in the fair value of the derivative financial instrument is recognised directly in Other Comprehensive Income in the cash flow hedge reserve. When the forecasted transaction results in the recognition of a non-financial asset or non-financial liability, the associated cumulative gain or loss is removed from Equity and included in the initial cost or other carrying amount of the non-financial asset or liability. In other cases, the associated cumulative gain or loss is removed from equity and recognised in the Income Statement in the same period or periods during which the hedged item affects profit or loss. The ineffective part of any gain or loss is recognised immediately in the Income Statement.

When a hedging instrument expires or is sold, terminated or exercised, or the entity revokes designation of the hedge relationship but the hedged forecasted, transaction is still expected to occur, then hedge accounting is ceased prospectively and the cumulative gain or loss at that point remains in Equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in Equity is reclassified immediately to the Income Statement.

Fair value hedges

Where a derivative financial instrument is designated as a hedge of a change in the fair value of an asset or liability, gains or losses arising from the remeasurement of the hedging instrument to fair value are reported in the Income Statement. In addition, any changes in the fair value of the hedged item which is attributable to the hedged risk is adjusted against the carrying amount of the hedged item and reflected in the Income Statement. Where the adjustment is to the carrying amount of a hedged interest-bearing financial instrument, the adjustment is amortised to the Income Statement with the objective of achieving full amortisation by maturity.

Non-derivative Financial Instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables. Non-derivative financial instruments are initially recognised at fair value and subsequently measured at amortised cost.

A financial instrument is recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control of substantially all risks and rewards of the asset. Purchases and sales of financial assets are accounted for at trade date, i.e. the date that the Group commits itself to purchase or sell the asset. Financial liabilities are de-recognised if the Group's obligations specified in the contract expire, are discharged or cancelled.

Interest-bearing Loans and Borrowings

Interest-bearing loans and borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing loans and borrowings, other than those accounted for under the fair value hedging model outlined above, are stated at amortised cost with any difference between cost and redemption value being recognised in the Income Statement over the period of the borrowings on an effective interest basis. Effective interest rate is calculated by taking into account any issue costs and any expected discount or premium on settlement.

Provisions

A provision is recognised in the Balance Sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation which can be measured reliably. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

Where share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity.

Critical Accounting Estimates and Judgements

Income tax expense

The Group is subject to income tax in a number of jurisdictions, and significant judgement and degree of estimation is required in determining the worldwide provision for taxes. There are many transactions and calculations during the ordinary course of business, for which the ultimate tax determination is uncertain and the complexity of the tax treatment may be such that the final tax charge may not be determined until formal resolution has been concluded with the relevant tax authority which may take extended time periods to conclude. Also, the Group can be subject to uncertainties, including tax audits in any of the jurisdictions in which it operates, which are frequently complex taking many years to conclude. Amounts accrued for anticipated tax authority reviews are based on estimates of whether any additional amounts of tax may be due. Such estimates are determined based on a number of factors including management judgement, interpretation of relevant tax laws, correspondence with the tax authorities, advice from external tax professionals and a probability weighted expected value.

The ultimate tax charge may, therefore, be different from that which initially is reflected in the Group's consolidated tax charge and provision and any such differences could have a material impact on the Group's income tax charge and consequently financial performance. Where the final tax charge is different from the amounts that were initially recorded, such differences are recognised in the income tax provision in the period in which such determination is made.

Discontinued operations and assets and liabilities classified as held for sale

Management has applied judgement in presenting the Group's joint venture arrangement with Magir Limited as a discontinued operation and asset held for sale. Due to the absence of a power sharing administration in Northern Ireland, a decision regarding historical and future drug reimbursement rates has not been made and agreeing a value on the business in the absence of this information has not been possible. It remains the intention of the Group to dispose of the asset once the valuation can be properly established.

Goodwill and intangible assets

Determining whether goodwill and intangible assets are impaired requires comparison of the value in use for the relevant CGUs (or group of CGUs) to the net assets attributable to these CGUs. The value in use calculation is based on an estimate of future cash flows expected to arise from the CGUs and these are discounted to net present value using an appropriate discount rate. In calculating value in use, management judgement is required in forecasting cash flows of cash generating units, in determining terminal growth values and in selecting an appropriate discount rate. Sensitivities to changes in assumptions are detailed in Note 12. Determining the useful life of intangible assets requires judgement when estimating the useful life of the intangible assets. Management regularly reviews these useful lives and changes them if necessary to reflect current conditions. Changes in useful lives can have a significant impact on the amortisation charge for the year.

Inventories

Inventory comprises raw materials, work in progress and finished goods. Provisions are made against slow moving, obsolete and damaged inventories for which the net realisable value is estimated to be less than cost. Determining the net realisable value of inventory requires judgement to be applied to determine the likely saleability of products and the potential prices that can be achieved. Estimates of net realisable value are based on the most reliable evidence, taking into consideration product obsolescence or perishability (which are generally low given the nature of the Group's inventory) and the purpose for which the inventory is held. The actual realisable value of inventory may differ from the estimated value on which the provision is based.

Notes forming part of the Group Financial Statements (continued)

1. Significant Accounting Policies (continued)

Critical Accounting Estimates and Judgements (continued)

Trade and other receivables

The Group trades with a large and varied number of clients on credit terms. Provision for impairment is made when there is objective evidence that the Group will not be in a position to collect the associated trade debts. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default in payments are considered indicators that the trade receivable is impaired. The Group uses estimates based on historical experience and current information in determining the level of debts for which a provision for impairment is required. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows. The level of provision required is reviewed on an ongoing basis.

Provisions

The amounts recognised as a provision are management's best estimate of the expenditure required to settle present obligations at the balance sheet date. The outcome depends on future events which are by their nature uncertain. In assessing the likely outcome, management bases its assessment on historical experience and other factors that are believed to be reasonable in the circumstances. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Deferred contingent consideration are recognised in the Group Balance Sheet as provisions. The expected payment is determined separately in respect of each individual earnout agreement taking into consideration the expected level of profitability of each acquisition. Any deferred contingent consideration is recognised at fair value at the acquisition date and included in the costs of the acquisition. The fair value of deferred contingent consideration at acquisition date is arrived at through discounting the expected payment to present value.

Employee benefits

Retirement benefit obligations

The estimation of and accounting for retirement benefit obligation involves judgements made in conjunction with independent actuaries. These involve estimates about uncertain future events based on the environment in different countries, including life expectancy of scheme members, future salary and pension increases and inflation as well as discount rates. The assumptions used by the Group and a sensitivity analysis of a change in these assumptions are described in Note 29.

Share-based payment

The fair value of the Executive Share Option Scheme has been measured using the Black Scholes formula or the binomial formula. The fair value of the Long Term Incentive Plan has been measured using the Black Scholes formula or the Monte Carlo Simulation. The inputs used in the measurement of the fair values at grant date are disclosed in Note 29.

Financial instruments and financial risk

Details of the methods and assumptions used are included in Note 30.

2. Prior Year Reclassification

Reclassification of Revenue

Pass-through revenues relate to the recharging of travel and other costs to clients at zero margin. There has been a reclassification of pass-through revenue from cost of sales to revenue. As a result, $35,771,000 (€32,200,000) has been reclassified from cost of sales to revenue so that the results are presented on a consistent basis in both 2017 and 2016. There is no impact on gross profit.

A summary of the impact on the previously reported figures is set out below:

	As previously stated €'000	Reclassification €'000	As restated €'000	As re-presented $'000
Revenue	943,080	32,200	975,280	1,083,439
Cost of sales	(658,981)	(32,200)	(691,181)	(767,833)
Gross profit	284,099	–	284,099	315,606

3. Revenue

	2017 $'000	As re-presented and restated 2016 $'000
Goods for resale	**87,659**	92,370
Services	**1,127,169**	986,219
Commission income	**4,927**	4,850
Total revenue	**1,219,755**	1,083,439

Commission income relates to the sale of products where the Group acts as an agent in the transaction rather than as a principal.

4. Segmental Information

Segmental information is presented in respect of the Group's operating segments and geographical regions. The operating segments are based on the Group's management and internal reporting structure. Inter-segment pricing is determined on an arm's length basis. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Due to the nature of certain liabilities and assets, which are not segment specific, they have not been allocated to a segment but rather have been disclosed in aggregate immediately after the relevant segment note. Segment capital expenditure is the total cost incurred during the year to acquire segment assets that are expected to be used for more than one year and is comprised of property, plant and equipment, goodwill and intangible assets.

UDG Healthcare is a leading global healthcare services provider. IFRS 8 Operating Segments requires the reporting information for operating segments to reflect the Group's management structure and the way financial information is regularly reviewed by the Group's CODM, which the Group has defined as Brendan McAtamney (Chief Executive Officer). The segmental information of the business as presented corresponds with these requirements. Operating profit before transaction costs, amortisation of acquired intangible assets and exceptional items (adjusted operating profit) represents the key measure utilised in assessing the performance of operating segments.

The Group's operations are divided into the following operating segments:

Ashfield – Ashfield is a global leader in commercialisation services for the pharmaceutical and healthcare industry, operating across three broad areas of activity: advisory, communications and commercial & clinical 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 packaging and clinical trial packaging services for the pharmaceutical and biotechnology industries, operating from state-of-the-art facilities in the US and Europe.

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.

Discontinued Operations

On 1 April 2016 the Group completed the disposal of United Drug Supply Chain Services, United Drug Sangers, TCP Group and MASTA. In accordance with IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations, the operations of those businesses were classified as discontinued in the year ended 30 September 2016. The Group has included the joint venture arrangement with Magir Limited as a discontinued operation during the current and prior year. Details of the disposal are included in Note 8.

Geographical Analysis

The Group operates in four principal geographical regions being the Republic of Ireland, the United Kingdom, North America and the Rest of World. In presenting information on the basis of geographical segment, segment revenue is based on the geographical location of the Group's subsidiaries. Segment assets are based on the geographical location of the assets.

Inter-segment revenue is not material and thus not subject to disclosure.

Continuing operations – 2017

Income statement items	Ashfield 2017 $'000	Sharp 2017 $'000	Aquilant 2017 $'000	Group total 2017 $'000
Segment revenue	821,412	302,076	96,267	1,219,755
Adjusted operating profit*	81,567	41,304	6,409	129,280
Amortisation of acquired intangibles	(20,040)	(2,026)	–	(22,066)
Transaction costs	(3,758)	(270)	–	(4,028)
Operating profit	57,769	39,008	6,409	103,186
Finance income				18,905
Finance expense				(29,257)
Profit before tax				92,834
Income tax expense				(20,976)
Profit for the financial year				71,858

* Excluding amortisation of acquired intangibles and transaction costs.

Notes forming part of the Group Financial Statements (continued)

4. Segmental Information (continued)

Geographical Analysis (continued)

Continuing operations – 2016

	Ashfield 2016 $'000	Sharp 2016 $'000	Aquilant 2016 $'000	Group total as re-presented 2016 $'000
Segment revenue – as restated (Note 2)	685,041	295,992	102,406	1,083,439
Adjusted operating profit*	70,653	38,208	6,910	115,771
Amortisation of acquired intangibles	(12,956)	(3,021)	–	(15,977)
Transaction costs	(2,214)	–	–	(2,214)
Operating profit	55,483	35,187	6,910	97,580
Finance income				5,311
Finance expense				(19,349)
Profit before tax				83,542
Income tax expense				(15,428)
Profit for the financial year				68,114

* Excluding amortisation of acquired intangibles and transaction costs.

Balance sheet items

	Ashfield 2017 $'000	**Sharp 2017 $'000**	**Aquilant 2017 $'000**	**Group total 2017 $'000**
Segment assets	**947,326**	**358,007**	**126,550**	**1,431,883**
Unallocated assets				**88,066**
				1,519,949
Segment liabilities	**(261,143)**	**(70,755)**	**(34,669)**	**(366,567)**
Unallocated liabilities				**(273,726)**
				(639,293)

	Ashfield 2016 $'000	Sharp 2016 $'000	Aquilant 2016 $'000	Group total as re-presented 2016 $'000
Segment assets	605,063	332,709	123,043	1,060,815
Unallocated assets				339,623
				1,400,438
Segment liabilities	(175,265)	(52,892)	(29,720)	(257,877)
Unallocated liabilities				(335,685)
				(593,562)

Unallocated assets and liabilities comprises amounts relating to interest-bearing loans and borrowings, derivative financial instruments, current income tax, deferred income tax, employee benefits and cash held at Group. The decrease in unallocated assets during the year reflects a reduction in Group cash balances due to acquisition activity.

Other segmental information	**Ashfield $'000 2017**	**Sharp $'000 2017**	**Aquilant $'000 2017**	**Group total $'000 2017**
Depreciation	**6,298**	**13,362**	**1,561**	**21,221**
Capital expenditure*	**289,257**	**38,210**	**1,556**	**329,023**
Amortisation of acquired intangibles	**20,040**	**2,026**	**–**	**22,066**
Amortisation of computer software	**2,180**	**1,123**	**81**	**3,384**
Share-based payment expense	**2,585**	**920**	**108**	**3,613**

	Ashfield $'000 2016	Sharp $'000 2016	Aquilant $'000 2016	Discontinued operations $'000 2016	Group total as re-presented 2016 $'000
Depreciation	6,284	11,802	1,946	–	20,032
Capital expenditure*	40,078	22,965	2,295	9,181	74,519
Amortisation of acquired intangibles	12,956	3,021	–	–	15,977
Amortisation of computer software	1,333	817	86	–	2,236
Impairment of goodwill and intangibles	–	–	798	1,133	1,931
Share-based payment expense	1,497	584	103	–	2,184

* Capital expenditure comprises acquisition of computer software, property, plant and equipment, goodwill and intangible assets.

The results and assets of joint ventures and associates are included within the individual business segment in which they are included for internal reporting, which relate to the Ashfield division and discontinued operations.

The following represents a geographical analysis of the segment information in accordance with IFRS 8, which requires disclosure of information about the country of domicile (Republic of Ireland) and countries with material revenue and non-current assets. The analysis of revenue represents continuing operations. The analysis of balance sheet items and other segment information for the year ended 30 September 2016 includes both continuing and discontinued operations.

Geographical analysis	**Republic of Ireland 2017 $'000**	**United Kingdom 2017 $'000**	**North America 2017 $'000**	**Rest of World 2017 $'000**	**Group total 2017 $'000**
Revenue	**42,178**	**318,934**	**629,001**	**229,642**	**1,219,755**
Segment assets	**97,315**	**554,885**	**684,879**	**182,870**	**1,519,949**
Capital expenditure*	**205**	**128,017**	**182,947**	**17,854**	**329,023**

	Republic of Ireland 2016 $'000	United Kingdom 2016 $'000	North America 2016 $'000	Rest of World 2016 $'000	Group total as re-presented 2016 $'000
Revenue – as restated (Note 2)	36,268	365,985	499,498	181,688	1,083,439
Segment assets	307,994	473,025	477,685	141,734	1,400,438
Capital expenditure*	8,516	34,411	25,184	6,408	74,519

* Capital expenditure comprises acquisition of computer software, property, plant and equipment, goodwill and intangible assets.

5. Statutory and Other Information

	2017 $'000	Continuing operations as re-presented 2016 $'000	Discontinued operations as re-presented 2016 $'000
Operating profit is stated after charging/(crediting):			
Depreciation of property, plant and equipment	**21,221**	20,032	–
Loss/(profit) on disposal of property, plant and equipment	**55**	71	(12)
Amortisation of acquired intangibles	**22,066**	15,977	–
Amortisation of computer software	**3,384**	2,236	–
Operating lease rentals:			
– Land and buildings	**13,646**	11,893	350
– Other assets	**15,412**	16,235	844
Foreign exchange (gain)/loss	**(2,293)**	(3,367)	4

Details of directors' remuneration, pension entitlements and interests in share options are set out in the Directors' Remuneration Report.

Notes forming part of the Group Financial Statements (continued)

5. Statutory and Other Information (continued)

As set out in the 2016 Annual Report, a formal tender process was carried out for the external audit of the Group's Financial Statements for the year ended 30 September 2017. Following the conclusion of this process, on the recommendation of the Audit Committee, the Board appointed Ernst & Young as auditors. Consequently, the 2016 auditor's remuneration information included below relates to KPMG and the 2017 auditor's remuneration pertains to Ernst & Young.

	2017 $'000	2016 as re-presented $'000
Auditor's remuneration		
Fees payable to the Group auditors and to member firms of the Group auditors are as follows:		
Description of services		
Audit services		
– Group	**887**	814
– Company	**9**	11
Other assurance services		
– Group	**–**	61
Tax advisory services		
– Group	**–**	–
Other non-audit services		
– Group	**2**	4
	898	891*

* Fees payable to the Group auditors include fees in relation to the six acquisitions made in 2017.

Group audit consists of fees payable for the consolidated and statutory audits of the Group and its subsidiaries. Included in Group audit are total fees of $9,000 (2016: $11,000) which were paid to the Group's auditor in respect of the parent company.

Included in the above fees are the following amounts payable to the Group auditors outside of Ireland:

	2017 $'000	2016 as re-presented $'000
Audit services		
Other assurance services	**593**	369
Tax advisory services	**–**	7
Other non-audit services	**–**	–
	593	376

6. Finance Income and Expense

	2017 $'000	2016 as re-presented $'000
Finance income		
Income arising from cash deposits	**1,057**	710
Fair value of deferred contingent consideration	**–**	294
Fair value of cash flow hedges transferred from equity	**–**	896
Fair value adjustment to guaranteed senior unsecured loan notes	**2,840**	3,157
Foreign currency gain on retranslation of guaranteed senior unsecured loan notes	**14,865**	–
Ineffective portion of cash flow hedges	**76**	254
Net finance income on pension scheme obligations	**67**	–
Finance income relating to continuing operations	**18,905**	5,311
Finance income relating to discontinued operations	**–**	8
	18,905	5,319
Finance expense		
Interest on overdrafts	**(46)**	(31)
Interest on bank loans and other loans:		
– Wholly repayable within 5 years	**(5,482)**	(7,761)
– Wholly repayable after 5 years	**(5,641)**	(5,686)
Interest on finance leases	**(3)**	(1)
Unwinding of discount on provisions	**(380)**	(1,158)
Fair value of deferred contingent consideration	**–**	(647)
Fair value adjustments to fair value hedges	**(2,840)**	(3,157)
Fair value of cash flow hedges transferred to equity	**(14,865)**	–
Foreign currency loss on retranslation of guaranteed senior unsecured loan notes	**–**	(896)
Net finance cost on pension scheme obligations	**–**	(12)
Finance expense relating to continuing operations	**(29,257)**	(19,349)
Finance expense on pension scheme obligations relating to discontinued operations	**–**	(64)
	(29,257)	(19,413)
Net finance expense	**(10,352)**	(14,094)

Notes forming part of the Group Financial Statements (continued)

7. Income Tax Expense

Recognised in the income statement	2017 $'000	2016 as re-presented $'000
Current income tax		
Ireland		
Adjustment in respect of prior years	**2,442**	279
Current year income tax on profit for the year	**(589)**	(3,168)
	1,853	(2,889)
Overseas		
Adjustment in respect of prior years	**(108)**	2,310
Current year income tax on profit for the year	**(18,710)**	(16,406)
	(18,818)	(14,096)
Total current income tax (expense)	**(16,965)**	(16,985)
Deferred income tax		
Origination and reversal of temporary differences:		
Property, plant and equipment	**(2,508)**	(2,761)
Intangible assets	**5,070**	7,565
Employee benefits	**332**	113
Other items	**(4,905)**	(4,171)
Total deferred income tax (expense)/credit	**(4,011)**	746
Income tax (expense)	**(20,976)**	(16,239)
The total income tax expense for the financial year is analysed as follows:		
Continuing operations	**(20,976)**	(15,428)
Discontinued operations	**–**	(811)
Income tax (expense)	**(20,976)**	**(16,239)**

Other items relate to a charge with respect to tax deductible goodwill amortisation of $5,099,000 (2016: $4,554,000) and a charge with respect to short term timing differences of $1,806,000 (2016: credit of $383,000).

The pre-exceptional tax charge in 2016 was $16,239,000 and the tax related to the exceptional items was nil.

The deferred income tax expense for the year to 30 September 2017 included a credit of $422,000 in respect of prior years (2016: charge of $1,056,000).

Factors Affecting the Tax Charge in Future Years

The total tax charge for future periods will be affected by changes to applicable tax rates in force in jurisdictions in which the Group operates and other changes in tax legislation applicable to the Group's businesses.

Reconciliation of effective tax rate	2017 %	2017 $'000	2016 %	2016 as re-presented $'000
Profit before tax		**92,834**		234,762
Taxation based on Irish corporation tax rate	**12.5**	**(11,604)**	12.5	(29,345)
Expenses not deductible for tax purposes		**(1,318)**		(5,796)
Tax on income from joint ventures		**83**		307
Non-taxable profit on disposal of subsidiaries and joint venture		**–**		21,044
Differences in foreign tax rates		**(10,893)**		(3,982)
Adjustments in respect of prior years		**2,756**		1,533
		(20,976)		(16,239)

The Group's share of joint ventures' profit after tax includes a tax charge of $366,000 (2016: $993,000).

8. Net Result from Discontinued Operations, Disposal 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. In accordance with IFRS 5 Non-Current Assets Held for Sale and Discontinued operations, these business disposals were considered to be discontinued. The respective profit and losses on the disposal of these businesses were recognised in the Group Income Statement within discontinued operations.

The profit from discontinued operations after tax included in the Group Income Statement in the prior year is summarised in the table below:

		2016 as re-presented $'000
Profit from discontinued operations after tax		
– United Drug Supply Chain Services businesses and MASTA	(a)	16,812
– Magir Limited	(c)	1,659
Profit on disposal of discontinued operations	(b)	150,780
Impairment of assets held for sale	(c)	(18,842)
Profit from discontinued operations after tax		150,409

The profit in the prior year from discontinued operations was fully attributable to the equity holders of the Company.

(A)

	2016 as re-presented $'000
Revenue	750,206
Cost of sales	(695,370)
Gross profit	54,836
Selling and distribution expenses	(37,281)
Administrative expenses	(2,517)
Settlement gain on defined benefit pension	2,641
Operating profit	17,679
Net finance expense	(56)
Profit from discontinued operations before tax	17,623
Income tax expense	(811)
Profit from discontinued operations after tax	16,812

In accordance with IFRS 5, depreciation of property, plant and equipment and amortisation of intangibles was not charged on the assets disposed of during the prior year. If the assets had continued to be depreciated and amortised during the prior year, the respective pre-tax charges for the year would have been $3,873,000 and $791,000.

Notes forming part of the Group Financial Statements (continued)

8. Net Result from Discontinued Operations, Disposal and Assets and Liabilities Classified as Held for Sale (continued)

(B)

Reconciliation of consideration received to cash received

The following table summarises the consideration received, the profit on disposal of discontinued operations and the net cash flow arising on the disposal of these businesses:

	2016 as re-presented $'000
Total consideration	463,939
Working capital and related adjustments	(16,827)
Cash received on completion	447,112
Cash and cash equivalents disposed of	(21,389)
Disposal related costs paid	(9,422)
Net consideration received on completion	416,301
Assets and liabilities disposed of	
Assets	
Property, plant and equipment	96,734
Goodwill	16,276
Intangible assets	53,331
Deferred income tax assets	1,126
Inventories	127,922
Trade and other receivables	249,609
Total assets	544,998
Liabilities	
Deferred income tax liabilities	(391)
Trade and other payables	(287,088)
Employee benefits	(2,239)
Current income tax liability	(721)
Total liabilities	(290,439)
Net identifiable assets and liabilities disposed of	(254,559)
Recycling of foreign exchange loss previously recognised in foreign currency translation reserve	(5,283)
Provision for taxation	(5,679)
Profit on disposal of discontinued operations after tax	150,780

(C)

During the current and prior year the Group has treated the joint venture arrangement with Magir as a discontinued operation and asset held for sale in accordance with IFRS 5. Due to the absence of a power sharing administration in Northern Ireland, a decision regarding historical and future drug reimbursement rates has not been made and agreeing a value on the business in the absence of this information has not been possible. It remains the intention of the Group to dispose of the asset once the valuation can be properly established.

The following table details the results of this discontinued operation included in the prior year Group Income Statement:

	2016 as re-presented $'000
Share of joint venture profit after tax	1,659
Impairment charge on assets held for sale	(18,842)
Profit from discontinued operations after tax	(17,183)

The assets and liabilities classified as held for sale in the Group Balance Sheet have a nil carrying value at 30 September 2017 (2016: nil).

9. Dividends – Equity Shares

	2017 $'000	2016 as re-presented $'000
Dividends paid		
Final dividend for 2016 of 9.04 $ cent (2015: 8.83 $ cent) per share	**22,388**	21,659
Interim dividend for 2017 of 3.58 $ cent (2016: 3.41 $ cent) per share	**8,891**	8,397
Total dividends	**31,279**	30,056

The directors have proposed a final dividend for 2017 of 9.72 $ cent per share (2016: 9.04 $ cent per share) per share amounting to $24,137,000 (2016: $22,388,000), subject to shareholder approval at the upcoming Annual General Meeting. The total dividend for the year, subject to shareholder approval, is 13.30 $ cent (2016: 12.45 $ cent) per share.

The final dividend for 2017 has not been provided for in the Balance Sheet at 30 September 2017, as there was no present obligation to pay the dividend at year end.

10. Earnings per Ordinary Share

	Total 2017 $'000	Continuing operations as re-presented 2016 $'000	Discontinued operations as re-presented 2016 $'000	Total as re-presented 2016 $'000
Profit attributable to owners of the parent	**71,858**	68,114	150,409	218,523
Adjustment for amortisation of acquired intangible assets (net of tax)	**16,996**	8,413	–	8,413
Adjustment for transaction costs (net of tax)	**3,658**	2,123	–	2,123
Adjustment for profit on disposal (net of tax)	**–**	–	(150,780)	(150,780)
Adjustment for impairment of asset held for sale (net of tax)	**–**	–	18,842	18,842
Adjusted profit attributable to owners of the parent	**92,512**	78,650	18,471	97,121

	2017 Number of shares	2016 Number of shares
Weighted average number of shares	**248,001,114**	246,405,955
Number of dilutive shares under options	**1,238,273**	1,016,938
Weighted average number of shares, including share options	**249,239,387**	247,422,893

	Total 2017	Continuing operations as re-presented 2016	Discontinued operations as re-presented 2016	Total as re-presented 2016
Basic earnings per share – $ cent	**28.97**	27.64	61.04	88.68
Diluted earnings per share – $ cent	**28.83**	27.53	60.79	88.32
Adjusted basic earnings per share – $ cent	**37.30**[1]	31.92[1]	7.50[2]	39.42
Adjusted diluted earnings per share – $ cent	**37.12**[1]	31.79[1]	7.47[2]	39.26

Non-IFRS Information

The Group reports certain financial measurements 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 measurements provide useful supplemental information which, when viewed in conjunction with our IFRS financial information, provide investors with a more meaningful understanding of the underlying financial and operating performance of the Group and its divisions. These measurements 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.

1. Adjusted profit attributable to equity holders of the parent from continuing operations is stated before the amortisation of acquired intangible assets and transaction costs.
2. Adjusted profit attributable to equity holders of the parent from discontinued operations is stated after deducting the profit on disposal of the discontinued operations ($150.8m, net of tax), and adding back the impairment of the investment in Magir Limited, an asset held for sale ($18.8m, 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. 2,567,081 (2016: 2,273,772) anti-dilutive share options have been excluded from the calculation of diluted 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 year.

Notes forming part of the Group Financial Statements (continued)

11. Property, Plant and Equipment

	Land and buildings $'000	Plant and equipment $'000	Motor vehicles $'000	Computer equipment $'000	Assets under construction $'000	Total $'000
Year ended 30 September 2017						
Opening net book amount	61,093	65,013	290	10,481	–	136,877
Additions in year	4,151	20,780	30	3,414	1,091	29,466
Arising on acquisition	15,692	5,153	–	593	–	21,438
Depreciation charge	(4,935)	(11,620)	(62)	(4,604)	–	(21,221)
Disposals in year	(97)	(14)	–	(90)	–	(201)
Transfer to intangibles	–	–	–	(393)	–	(393)
Reclassifications	(561)	163	–	398	–	–
Translation adjustment	1,120	1,089	13	215	–	2,437
At 30 September 2017	**76,463**	**80,564**	**271**	**10,014**	**1,091**	**168,403**
At 30 September 2017						
Cost or deemed cost	106,815	157,112	738	27,558	1,091	293,314
Accumulated depreciation	(30,352)	(76,548)	(467)	(17,544)	–	(124,911)
Net book amount	**76,463**	**80,564**	**271**	**10,014**	**1,091**	**168,403**

	Land and buildings $'000	Plant and equipment $'000	Motor vehicles $'000	Computer equipment $'000	Assets under construction $'000	Total $'000
Year ended 30 September 2016 (as re-presented)						
Opening net book amount	58,130	51,193	369	11,173	11,222	132,087
Additions in year	8,043	10,038	148	6,403	7,104	31,736
Arising on acquisition	228	155	10	191	–	584
Depreciation charge	(4,945)	(10,491)	(62)	(4,534)	–	(20,032)
Disposals in year	(132)	(254)	(69)	(51)	–	(506)
Transfer to assets held for sale	–	(1,028)	–	–	–	(1,028)
Transfer to intangibles	–	–	–	(1,701)	–	(1,701)
Reclassifications	2,455	16,066	(43)	(153)	(18,325)	–
Translation adjustment	(2,686)	(666)	(63)	(847)	(1)	(4,263)
At 30 September 2016	61,093	65,013	290	10,481	–	136,877
At 30 September 2016						
Cost or deemed cost	87,272	128,888	897	25,523	–	242,580
Accumulated depreciation	(26,179)	(63,875)	(607)	(15,042)	–	(105,703)
Net book amount	61,093	65,013	290	10,481	–	136,877

During the current and prior year, the cost and associated depreciation of computer software that was previously recognised within property, plant and equipment were transferred to intangible assets.

No borrowings are secured on the above assets with the exception of the leased assets noted below.

Leased Property, Plant and Equipment

The Group leases items of property, plant and equipment under a number of finance lease agreements. At 30 September 2017, the carrying amount of leased assets included in property, plant and equipment was $164,000 (2016: $185,000) and related depreciation amounted to $86,000 (2016: $113,000).

12. Goodwill

	2017 $'000	2016 as re-presented $'000
Cost		
At beginning of year	**384,520**	401,306
Acquired during the year (Note 28)	**140,626**	11,610
Measurement period adjustment	**1,844**	–
Translation adjustment	**15,564**	(28,396)
At end of year	**542,554**	384,520

Goodwill arises on acquisitions. The goodwill acquired during the year relates to the acquisition of STEM Marketing Limited, Vynamic LLC, Sellxpert GmbH, Sellxpert AG, Cambridge BioMarketing LLC and MicroMass Communications Inc.

A measurement period adjustment on finalisation of the IFRS 3 Business Combination accounting for the Pegasus Public Relations Limited acquisition, completed in 2016, resulted in an increase in goodwill of $1,844,000.

Goodwill acquired through business combinations has been allocated to cash generating units (CGUs) for the purpose of impairment testing. The CGUs represent the lowest level within the Group at which associated goodwill is monitored for management purposes and is not bigger than the segments determined in accordance with IFRS 8 Operating Segments. Significant under-performance in any of the Group's major CGUs may give rise to a material write-down of goodwill which would have a substantial impact on the Group's income and equity. A total of nine (2016: eight) CGUs have been identified.

The carrying value of goodwill and the number of CGUs are analysed between the operating segments in the Group below.

	2017 $'000	Number of CGUs	2016 as re-presented $'000	Number of CGUs
Ashfield	**389,029**	**6**	235,184	5
Sharp	**90,541**	**2**	89,077	2
Aquilant	**62,984**	**1**	60,259	1
	542,554	**9**	384,520	8

In accordance with IAS 36 Impairment of Assets, the CGUs to which significant amounts of goodwill (greater than 10% of the total value) have been allocated are as follows:

	2017 $'000	2016 as re-presented $'000
Ashfield Healthcare Communications Group[1]	**168,842**	85,952
Ashfield Advisory Group[2]	**67,032**	–
Aquilant Group	**62,984**	60,260
Ashfield EUCAN Group[3]	**54,181**	41,928
Sharp Commercial Packaging Group	**50,847**	49,876
Sharp Clinical Services Group	**39,694**	39,201

1 Includes goodwill relating to Cambridge BioMarketing LLC and MicroMass Communications Inc which were acquired during the year.
2 Includes goodwill relating to STEM Marketing Limited and Vynamic LLC which were acquired during the year.
3 Includes goodwill relating to Sellxpert GmbH and Sellxpert AG which were acquired during the year.

Notes forming part of the Group Financial Statements (continued)

12. Goodwill (continued)

The value in use and excess of value in use over the carrying amount of the above significant CGUs are as follows:

	Value in use		Excess	
	2017 $'000	2016 as re-presented $'000	**2017 $'000**	2016 as re-presented $'000
Ashfield Healthcare Communications Group	**939,198**	621,180	**659,220**	474,034
Ashfield Advisory Group	**232,753**	–	**79,339**	–
Aquilant Group	**142,112**	201,039	**56,306**	119,541
Ashfield EUCAN Group	**246,270**	265,330	**171,004**	205,307
Sharp Commercial Packaging Group	**611,045**	613,622	**436,659**	421,828
Sharp Clinical Services Group	**103,755**	81,838	**49,235**	30,221

Impairment Testing of Cash Generating Units (CGUs) Containing Goodwill

The Group tests goodwill for impairment on an annual basis or more frequently if there is an indication that the goodwill may be impaired. This testing involves determining the CGU's value in use and comparing this to the carrying amount of the CGU. Where the value in use exceeds the carrying value of the CGU, the asset is not impaired, but where the carrying amount exceeds the value in use, an impairment loss is recognised to reduce the carrying amount of the CGU to its value in use. Estimates of value in use are key judgemental estimates in the Financial Statements. A number of key assumptions have been made as a basis for the impairment tests. In each case, these key assumptions have been made by management reflecting past experience and are consistent with relevant external sources of information.

Value in Use Calculations

Where a value in use approach is used to assess the recoverable amount of the CGU, calculations use pre-tax cash flow projections based on financial budgets and projections covering a five year period. The cash flow forecasts used for the value in use computations exclude incremental profits and other cash flows derived from planned acquisition activities. For individual CGUs, forecasts for up to four years have been approved by senior management. The remaining year's forecasts have been extrapolated using growth rates of 1% to 10% (2016: 2% to 10%) based on the historical annual growth experience of individual CGUs. For the purposes of calculating terminal values, a terminal growth rate of 2.5% (2016: 2.5%) has been adopted. The value in use of each CGU is calculated using a discount rate representing the Group's estimated weighted average cost of capital, adjusted to reflect risks associated with each CGU. The pre-tax discount rates range from 8.1% to 12.5% (2016: 8.0% to 13.6%). The pre-tax discount rates used for significant CGUs are detailed in the table below.

	2017	2016
Ashfield Healthcare Communications Group	**8.5%**	8.9%
Ashfield Advisory Group	**8.5%**	–
Aquilant Group	**8.1%**	8.0%
Ashfield EUCAN Group	**9.8%**	8.5%
Sharp Commercial Packaging Group	**11.1%**	10.7%
Sharp Clinical Services Group	**10.9%**	9.8%

The key assumptions used for the value in use computations are that the markets will grow in accordance with publicly available data, the Group will maintain its current market share, gross margins will be maintained at current levels and overheads will increase in line with expected levels of inflation. The cash flow forecasts assume appropriate levels of capital expenditure and investment in working capital to support the growth in individual CGUs.

Impairment

The Group did not impair goodwill in the current year nor in the prior year.

Additional Sensitivity Analysis

The Group has conducted a sensitivity analysis on each of the CGUs. For the purposes of performing sensitivity analysis, each individual discount rate was increased by 2% and the terminal growth rate was reduced to 2%. Applying these assumptions did not indicate any impairment.

13. Intangible Assets

	Computer software $'000	Customer relationships $'000	Trade names $'000	Contract based $'000	Technology $'000	Total $'000
Year ended 30 September 2017						
Opening net book amount	18,962	76,736	11,333	–	1,291	108,322
Additions in year	21,884	–	–	–	–	21,884
Arising on acquisition	77	62,734	37,924	1,400	12,635	114,770
Amortisation of acquired intangible assets	–	(16,275)	(2,751)	(233)	(2,807)	(22,066)
Amortisation of computer software	(3,384)	–	–	–	–	(3,384)
Transfer from property, plant and equipment	393	–	–	–	–	393
Measurement period adjustment	–	(1,005)	–	–	–	(1,005)
Translation adjustment	1,838	4,784	1,049	–	1,032	8,703
At 30 September 2017	**39,770**	**126,974**	**47,555**	**1,167**	**12,151**	**227,617**
At 30 September 2017						
Cost or deemed cost	51,445	218,720	79,653	22,039	19,144	391,001
Accumulated amortisation	(11,675)	(91,746)	(32,098)	(20,872)	(6,993)	(163,384)
Net book amount	**39,770**	**126,974**	**47,555**	**1,167**	**12,151**	**227,617**

	Computer software $'000	Customer relationships $'000	Trade names $'000	Contract based $'000	Technology $'000	Total $'000
Year ended 30 September 2016 (as re-presented)						
Opening net book amount	11,564	87,501	12,957	282	1,623	113,927
Additions in year	10,926	–	–	–	–	10,926
Arising on acquisition	–	8,903	1,579	–	–	10,482
Amortisation of acquired intangible assets	–	(13,351)	(2,013)	(281)	(332)	(15,977)
Amortisation of computer software	(2,236)	–	–	–	–	(2,236)
Transfer to assets held for sale	(1,865)	–	–	–	–	(1,865)
Transfer from property, plant and equipment	1,701	–	–	–	–	1,701
Impairment charge	(798)	–	–	–	–	(798)
Translation adjustment	(330)	(6,317)	(1,190)	(1)	–	(7,838)
At 30 September 2016	18,962	76,736	11,333	–	1,291	108,322
At 30 September 2016						
Cost or deemed cost	30,014	149,542	39,826	19,872	5,181	244,435
Accumulated amortisation	(11,052)	(72,806)	(28,493)	(19,872)	(3,890)	(136,113)
Net book amount	18,962	76,736	11,333	–	1,291	108,322

The amortisation charge for the year has been charged to other operating expenses in the Income Statement. Intangible assets are amortised over their useful lives, ranging from six months to 15 years, depending on the nature of the asset.

14. Investment in Joint Ventures and Associates

The Group's interest in its joint ventures and associates, all of which are unlisted, is set out below.

	$'000
At 1 October 2015 (as re-presented)	25,855
Share of profit after tax – continuing operations	798
– discontinued operations	1,659
Transferred to assets held for sale	(18,842)
Translation adjustment	(403)
At 30 September 2016 (as re-presented)	9,067
Share of profit after tax	667
Translation adjustment	(896)
At 30 September 2017	**8,838**

Notes forming part of the Group Financial Statements (continued)

14. Investment in Joint Ventures and Associates (continued)

The Group has classified the joint venture arrangement with Magir Limited as an asset held for sale.

Set out below is the summarised financial information for the Group's joint ventures, which are accounted for using the equity method. The information below reflects the amounts presented in the Financial Statements of the joint venture reconciled to the carrying value of the Group's interest in joint ventures.

	2017 $'000	2016 as re-presented $'000
Joint venture balance sheet (100%)		
Non-current assets	**2,265**	1,226
Cash and cash equivalents	**2,292**	3,212
Other current assets	**13,879**	16,856
Non-current liabilities	**(4,199)**	(2,664)
Current liabilities	**(7,315)**	(12,435)
Net assets	**6,922**	6,195
Reconciliation of the carrying value of the Group's interest in joint ventures:		
Group's equity interest	**49.99%**	49.99%
Group's share of net assets	**3,460**	3,097
Goodwill	**5,378**	5,970
Carrying value of Group's interest in joint ventures	**8,838**	9,067

		2016 (as re-presented)		
	2017 $'000	Continuing operations $'000	Discontinued operations $'000	Total $'000
Revenue	**61,883**	66,287	113,381	179,668
Expenses, net of tax	**(60,549)**	(64,690)	(108,487)	(173,177)
Profit after tax	**1,334**	1,597	4,894	6,491
Group's equity interest	**49.99%**	49.99%	33.9%	–
Group's share of profit after tax	**667**	798	1,659	2,457

Capital Commitments

At 30 September 2017, the Group's share of authorised but not contracted for capital expenditure was nil.

The following joint venture of UDG Healthcare plc is classified as an asset held for sale.

Name plc	Nature of business	Group share
Magir Limited (trading as Medicare)	Healthcare and retail organisation	31.62%

Magir Limited has its registered office at
44 Montgomery Road, Belfast, BT6 9ML

The following joint venture of UDG Healthcare plc is included within the Ashfield operating segment.

Name	Nature of business	Group share
CMIC Ashfield Co., Ltd	Contract sales outsourcing	49.99%

CMIC Ashfield Co., Ltd has its registered office at
7–10–4 Nishi-Gotanda, Shinagawa-ku, Tokyo, Japan

All shares held are ordinary shares.

UDG Healthcare plc accounts for Magir Limited and CMIC Ashfield Co. Limited as joint ventures on the basis of contractual arrangements which establish joint control between the Group and the remaining shareholders. These contractual arrangements outline the requirement for all significant strategic, financial and operational decisions to be jointly approved by both parties to the respective agreements.

The Group has considered the impact of IFRS 12, Disclosure of Interest in Other Entities in the Group Financial Statements. Given that neither joint venture is individually material to the results or financial position of the Group as at 30 September 2017 or 2016, no separate summary information for the respective joint ventures has been disclosed.

15. Inventories

	2017 $'000	2016 as re-presented $'000
Raw materials	**13,921**	16,204
Work in progress	**6,159**	4,617
Finished goods	**34,980**	34,120
	55,060	54,941

In 2017, raw materials, work in progress and finished goods recognised as continuing cost of sales amounted to $207,803,000 (2016: $224,075,000).

Estimates of net realisable value are based on the most reliable evidence, taking into consideration product obsolescence or perishability (which are generally low given the nature of the Group's inventory) and the purpose for which the inventory is held.

Current replacement cost does not differ materially from historical cost.

At 30 September 2017, the level of consignment inventory within the continuing Group amounted to $2,943,000 (2016: $2,755,000). These represent goods held on behalf of clients at locations around the Group, but are not owned by the Group.

16. Trade and Other Receivables

	2017 $'000	2016 as re-presented $'000
Current		
Trade receivables	**215,140**	163,492
Other receivables	**24,121**	16,913
Accrued income	**50,050**	32,944
Prepayments	**18,077**	20,442
	307,388	233,791

The maximum exposure to credit risk for trade receivables at the reporting date by geographical region was:

	2017 $'000	2016 as re-presented $'000
Geographical analysis of risk		
Republic of Ireland	**7,191**	7,012
United Kingdom	**39,023**	33,428
North America	**104,577**	78,270
Rest of World	**64,349**	44,782
	215,140	163,492

There is no material concentration of credit risk with regard to individual clients included in Group trade receivables. Details of how the Group manages credit risk are set out in Note 30.

Notes forming part of the Group Financial Statements (continued)

16. Trade and Other Receivables (continued)

The ageing of trade receivables at 30 September 2017 and 2016 was:

	2017			2016 (as re-presented)		
	Gross value $'000	**Impairment $'000**	**Net $'000**	Gross value $'000	Impairment $'000	Net $'000
Not past due	**186,146**	**(200)**	**185,946**	138,501	(361)	138,140
Past due						
0–30 days	**19,213**	**(58)**	**19,155**	15,166	(140)	15,026
31–90 days	**8,923**	**(457)**	**8,466**	6,976	(156)	6,820
91–180 days	**2,099**	**(526)**	**1,573**	3,118	(845)	2,273
+181 days	**1,315**	**(1,315)**	**–**	2,647	(1,414)	1,233
	217,696	**(2,556)**	**215,140**	166,408	(2,916)	163,492

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	2017 $'000	2016 as re-presented $'000
At beginning of the year	**2,916**	7,996
Disposals in year	**–**	(5,279)
Bad debts written off during the year	**(562)**	(258)
Acquired during the year	**–**	64
Impairment loss recognised during the year	**104**	563
Translation adjustment	**98**	(170)
At end of year	**2,556**	2,916

Trade receivables are assessed individually for impairment. The Group trades with a large and varied number of clients on credit terms. Provision for impairment is made when there is objective evidence that the Group will not be in a position to collect the associated trade debts. Impairments are recorded in the Group Income Statement on identification. The general economic climate being experienced by clients of the Group remains consistent with 2016 and is closely monitored by the Group.

17. Equity Share Capital

Equity share capital	**Number of shares 2017**	**2017 $'000**	Number of shares 2016	2016 as re-presented $'000
Authorised				
Ordinary shares of €0.05 each	**367,471,934**	**21,605**	367,471,934	21,605
Redeemable ordinary shares of €0.05 each	**7,528,066**	**492**	7,528,066	492
	375,000,000	**22,097**	375,000,000	22,097
Allotted, called up and fully paid				
Ordinary shares of €0.05 each	**248,326,744**	**14,128**	246,764,469	14,043
Redeemable ordinary shares of €0.05 each	**7,528,066**	**492**	7,528,066	492
In issue at 30 September	**255,854,810**	**14,620**	254,292,535	14,535

The redeemable ordinary shares do not rank for dividends and do not carry voting rights. The redeemable ordinary shares can be redeemed by the Company with the agreement of holders of such shares. All redeemable ordinary shares are held by the Group and are treated as treasury shares in accordance with the requirements of company law.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to attend, speak, ask questions and have one vote per share at general meetings of the Company. All shares rank equally with regard to the Company's residual assets.

	Number of ordinary shares		Number of redeemable ordinary shares	
	2017	2016	**2017**	2016
In issue at beginning of year	**246,764,469**	244,879,716	**7,528,066**	7,528,066
Exercise of share options	**837,278**	1,884,753	**–**	–
Issued in business combination (Note 28)	**724,997**	–	**–**	–
In issue at end of year	**248,326,744**	246,764,469	**7,528,066**	7,528,066

18. Profit Attributable to UDG Healthcare plc

The profit recorded in the Financial Statements of the holding Company for the year ended 30 September 2017 was €76,437,000 (2016: €93,559,000). As permitted by Section 304 (2) of the Companies Act 2014, the Income Statement of the Company has not been separately presented – the exemption is afforded by Section 304.

19. Share Premium

	2017 \$'000	2016 as re-presented \$'000
At 1 October	**187,355**	183,000
Premium arising on shares issued	**3,129**	4,355
Issued in business combination	**6,012**	–
At 30 September	**196,496**	187,355

20. Other Reserves

	Cash flow hedge \$'000	**Share-based payment \$'000**	**Foreign exchange \$'000**	**Treasury shares \$'000**	**Capital redemption reserve \$'000**	**Total \$'000**
At 1 October 2016 (as re-presented)	**(12,499)**	**5,956**	**(165,574)**	**(7,676)**	**347**	**(179,446)**
Effective portion of cash flow hedges	**(406)**	**–**	**–**	**–**	**–**	**(406)**
Deferred tax on cash flow hedges	**51**	**–**	**–**	**–**	**–**	**51**
Share-based payment expense	**–**	**3,613**	**–**	**–**	**–**	**3,613**
Release from share-based payment reserve	**–**	**(577)**	**–**	**–**	**–**	**(577)**
Translation adjustment	**–**	**–**	**10,109**	**–**	**–**	**10,109**
At 30 September 2017	**(12,854)**	**8,992**	**(155,465)**	**(7,676)**	**347**	**(166,656)**

	Cash flow hedge \$'000	Share-based payment \$'000	Foreign exchange \$'000	Treasury shares \$'000	Capital redemption reserve \$'000	Total \$'000
At 1 October 2015 (as re-presented)	(6,918)	6,832	(108,781)	(7,699)	347	(116,219)
Effective portion of cash flow hedges	(6,379)	–	–	–	–	(6,379)
Deferred tax on cash flow hedges	798	–	–	–	–	798
Share-based payment expense	–	2,184	–	–	–	2,184
Release from share-based payment reserve	–	(3,037)	–	–	–	(3,037)
Translation adjustment						
– Continuing operations	–	–	(60,031)	–	–	(60,031)
– Discontinued operations	–	–	(2,045)	–	–	(2,045)
Reclassification on loss of control	–	–	5,283	–	–	5,283
Release of treasury shares on vesting	–	(23)	–	23	–	–
At 30 September 2016	(12,499)	5,956	(165,574)	(7,676)	347	(179,446)

Cash Flow Hedge Reserve

The cash flow hedge reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

Share-based Payment Reserve

This reserve comprises amounts expensed in the Income Statement in connection with share-based payments, net of transfers to retained earnings on the exercise, lapsing or forfeiting of share awards.

Notes forming part of the Group Financial Statements (continued)

20. Other Reserves (continued)

Foreign Exchange Reserve

The currency translation reserve comprises all foreign exchange differences from 1 October 2016, arising from the translation of the net assets of the Group's non-US Dollar denominated operations, including the translation of the profits of such operations from the average exchange rate for the year to the exchange rate at the balance sheet date.

The reserve also includes all foreign exchange differences arising from the translation of liabilities that hedge the Group's net investment in foreign operations.

Capital Redemption Reserve

The capital redemption reserve is a legal reserve which has arisen from the Company buying back and cancelling its ordinary shares.

Treasury Shares

Dublin Drug Company Limited

During the year ended 30 September 1998, the Group acquired Dublin Drug Company Limited for consideration of $13,118,000 which at the date of its acquisition held 2,225,438 ordinary shares in UDG Healthcare plc which had a nominal value of $790,000 and at the date of their acquisition represented 9.84% of the Company's issued ordinary share capital. Subsequent to the acquisition, these ordinary shares were converted into redeemable ordinary shares.

On 29 January 2002, 1,150,000 of these redeemable ordinary shares were redeemed at their market value both out of the proceeds of a placing in the market of 1,150,000 new ordinary shares and the distributable reserves of the Company, in accordance with Article 3A of the Articles of Association of the Company and Section 207 of the Companies Act 1990, and immediately thereafter were cancelled.

During the year ended 30 September 2003, the Company's shareholders approved a 7 for 1 split of the ordinary share capital and redeemable ordinary share capital of the Company. At 30 September 2017, Dublin Drug Company Limited continued to hold 7,528,066 redeemable ordinary shares and they have been treated as treasury shares in the Balance Sheet in accordance with the requirements of company law.

Summary

At 30 September 2017 7,528,066 (2016: 7,528,066) treasury shares were held by the Group, representing 2.94% (2016: 2.96%) of the issued ordinary and redeemable ordinary share capital of the Company.

21. Retained Earnings

	2017 $'000	2016 as re-presented $'000
At beginning of year	**784,432**	600,793
Net income recognised directly in the Income Statement	**71,858**	218,523
Net income recognised directly in Other Comprehensive Income		
– Remeasurement gain/(loss) on Group defined benefit schemes	**11,098**	(8,232)
– Deferred tax on Group defined benefit schemes	**(599)**	367
Dividends paid to equity holders	**(31,279)**	(30,056)
Release from share-based payment reserve	**577**	3,037
At end of year	**836,087**	784,432

22. Non-controlling Interests

	2017 $'000	2016 as re-presented $'000
At 1 October	**–**	–
Acquired during the year	**110**	–
Share of profit for the financial year	**–**	–
Translation adjustment	**(1)**	–
At 30 September	**109**	–

The non-controlling interest relates to Sellxpert AG, a company registered in Switzerland. The Group acquired a 50% shareholding in Sellxpert AG on 10 July 2017.

23. Interest-bearing Loans and Borrowings

	2017 $'000	2016 as re-presented $'000
Non-current		
Guaranteed senior unsecured notes	**244,043**	242,289
Bank borrowings	**–**	(190)
Finance leases	**34**	9
	244,077	242,108
Current		
Guaranteed senior unsecured notes	**(142)**	65,011
Bank borrowings	**70**	(287)
Finance leases	**130**	158
	58	64,882

Interest-bearing loans and borrowings are repayable as follows:

	2017 $'000	2016 as re-presented $'000
Bank borrowings, overdrafts and guaranteed senior unsecured notes		
Within one year	**(72)**	64,724
After one but within two years	**(95)**	(190)
After two but within five years	**65,362**	66,021
After five years	**178,776**	176,268
Finance leases		
Within one year	**130**	158
After one but within two years	**34**	9
	244,135	306,990
Non-current	**244,077**	242,108
Current	**58**	64,882
	244,135	306,990

In September 2010, the Group completed a $130 million debt financing in the US Private Placement Market. The following notes remain outstanding:

	2017 $'000	2016 $'000
4.70% Series 'A' guaranteed senior unsecured notes, 2017	**–**	65,000
5.25% Series 'B' guaranteed senior unsecured notes, 2020	**65,000**	65,000
	65,000	130,000

In September 2013, the Group completed a $140 million and €23 million debt financing in the US Private Placement Market. The following notes remain outstanding:

	2017 $'000	2016 $'000
4.48% Series 'A' guaranteed senior unsecured notes, 2023	**105,000**	105,000
4.59% Series 'B' guaranteed senior unsecured notes, 2025	**35,000**	35,000
	140,000	140,000

	2017 €'000	2016 €'000
3.45% Series 'C' guaranteed senior unsecured notes, 2023	**12,000**	12,000
3.50% Series 'D' guaranteed senior unsecured notes, 2025	**11,000**	11,000
	23,000	23,000

Notes forming part of the Group Financial Statements (continued)

23. Interest-bearing Loans and Borrowings (continued)

In September 2014, the Group completed a €10 million debt financing in the US Private Placement Market. The following note remains outstanding:

	2017 €'000	2016 €'000
2.64% Series 'A' guaranteed senior unsecured note, 2023	**10,000**	10,000
	10,000	10,000

All the loan notes were issued by UDG Healthcare Finance Limited, a wholly owned subsidiary, and have been guaranteed by UDG Healthcare plc and other Group undertakings.

US dollar loan note issuance proceeds were swapped into euro and the US dollar fixed interest rates applicable to the debt were swapped into predominantly fixed Euro rate debt to generate the desired interest profile.

These loans are repayable in full on maturity.

Borrowing Facilities

In September 2014, the Group renewed its senior bank debt facility extending the term to November 2019.

At year end the Group has $247,926,000 (2016: $234,382,000) of committed, undrawn multi-currency senior debt loan facilities with a maturity date of November 2019. The Group also has $11,806,000 (2016: $11,161,000) of undrawn overdraft facilities.

Covenants

The unsecured loan notes and senior bank facilities are subject to compliance with certain covenants including a leverage covenant (net debt to EBITDA) not to exceed 3.5:1 and an interest cover covenant (EBITDA to net interest expense) to be at least 3.0:1.

24. Trade and Other Payables

	2017 $'000	2016 as re-presented $'000
Current		
Trade payables	**58,145**	47,279
Accruals	**97,526**	73,851
Deferred income	**58,968**	53,458
Other payables	**12,594**	15,420
PAYE, VAT and social welfare	**20,912**	14,460
	248,145	204,468

25. Provisions

	Deferred contingent consideration 2017 $'000	Onerous leases 2017 $'000	Restructuring and other costs 2017 $'000	Total 2017 $'000	Total as re-presented 2016 $'000
At the beginning of the year	15,419	359	289	**16,067**	29,342
Release to income statement	–	–	–	**–**	(1,022)
Arising on acquisitions (Note 28)	65,939	–	–	**65,939**	8,581
Utilised during the year	(14,265)	(52)	(113)	**(14,430)**	(19,895)
Unwinding of discount	380	–	–	**380**	1,158
Measurement period adjustment	999	–	–	**999**	–
Translation adjustment	3,406	17	(3)	**3,420**	(2,097)
At end of year	71,878	324	173	**72,375**	16,067

	Deferred contingent consideration 2017 $'000	Onerous leases 2017 $'000	Restructuring and other costs 2017 $'000	**Total 2017 $'000**	Total as re-presented 2016 $'000
Non-current	58,136	269	65	**58,470**	6,084
Current	13,742	55	108	**13,905**	9,983
Total	71,878	324	173	**72,375**	16,067

Deferred Contingent Consideration
The deferred contingent consideration liability represents the fair value of amounts which may become payable over the period from October 2017 to October 2020 in connection with the acquisition of subsidiaries. Payment is dependent on achieving predetermined targets based on future performance and profitability. During the year, payments were made of $14,265,000 (2016: $17,331,000) with respect to prior and current year acquisitions. Deferred contingent consideration of nil (2016: $354,000) in respect of prior year acquisitions was charged following a review of earn out targets. The prior year charge was included in the Group Income Statement.

Onerous Leases
The onerous leases relate to properties that the Group remains committed to following the integration of the businesses acquired in prior years. The properties are being proactively managed. In calculating the provisions, the Group made certain estimates and assumptions in assessing the amount provided. The provisions were calculated by taking into consideration the committed rental charges associated with the premises and the period of time to the earliest date at which the Group can exit from the leases. The cash outflows will be incurred during the period from October 2017 to April 2021.

Restructuring and Other Costs
This provision primarily relates to redundancy costs associated with the implementation of the restructuring programme in Sharp Packaging Belgium in 2015.

26. Operating Leases
Leases as Lessee
Non-cancellable operating lease rentals are payable as set out below. These amounts represent the minimum future lease payments, in aggregate, the Group is required to make under existing lease agreements.

	2017 $'000	2016 as re-presented $'000
Less than one year	**27,121**	24,260
Between one and five years	**52,729**	50,171
More than five years	**23,305**	28,151
	103,155	102,582

The Group leases certain property, plant and equipment under operating leases. The leases typically run for an initial lease period with the potential to renew the leases after the initial period.

Notes forming part of the Group Financial Statements (continued)

27. Deferred Income Tax Assets and Liabilities

The following is an analysis of the movement in the major categories of deferred tax assets/(liabilities) recognised by the Group for the year ended 30 September 2017:

	Property, plant and equipment $'000	Intangible assets $'000	Retirement benefit obligation $'000	Short-term temporary differences and other differences $'000	Total $'000
At 1 October 2016	(6,894)	184	(4,148)	(15,854)	(26,712)
Recognised in Income Statement	(2,508)	5,070	332	(6,905)	(4,011)
Recognised in Other Comprehensive Income	–	–	(599)	51	(548)
Arising on acquisition	(22)	(19,989)	–	1,932	(18,079)
Exchange differences and other	277	(1,186)	(6)	11	(904)
At 30 September 2017	(9,147)	(15,921)	(4,421)	(20,765)	(50,254)
Analysed as:					
Deferred tax asset	7	–	234	3,784	4,025
Deferred tax liability	(9,154)	(15,921)	(4,655)	(24,549)	(54,279)
	(9,147)	(15,921)	(4,421)	(20,765)	(50,254)

The following is an analysis of the movement in the major categories of deferred tax assets/(liabilities) recognised by the Group for the year ended 30 September 2016.

	Property, plant and equipment $'000	Intangible assets $'000	Retirement benefit obligation $'000	Short-term temporary differences and other differences $'000	Total $'000
At 1 October 2015 (as re-presented)	(3,905)	(7,571)	(2,941)	(12,544)	(26,961)
Recognised in the Income Statement	(2,761)	7,565	113	(4,171)	746
Recognised in Other Comprehensive Income	–	–	367	798	1,165
Arising on acquisition	–	(1,782)	–	–	(1,782)
Deferred tax on disposals	–	–	(1,602)	–	(1,602)
Exchange differences and other	(228)	1,972	(85)	63	1,722
At 30 September 2016 (as re-presented)	(6,894)	184	(4,148)	(15,854)	(26,712)
Analysed as:					
Deferred tax asset	–	425	1,093	2,778	4,296
Deferred tax liability	(6,894)	(241)	(5,241)	(18,632)	(31,008)
	(6,894)	184	(4,148)	(15,854)	(26,712)

No deferred income tax is recognised on the unremitted earnings of overseas subsidiaries and joint ventures as the Group does not anticipate additional tax on any ultimate remittance.

As at 30 September 2017, the Group has unused tax losses and other timing differences of $34,714,000 (2016: $32,205,000) in respect of which no deferred tax asset has been recognised as it is not considered probable that there will be future taxable profits available. Included in the tax losses not recognised for deferred tax purposes are losses of $14,728,000 (2016: $13,247,000) which will expire within the next nine years. The remaining tax losses carry forward indefinitely.

28. Acquisition of Subsidiary Undertakings

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 Group has agreed to pay the sellers an additional amount over the next three years if predefined financial thresholds are met. The Group has included contingent consideration related to the additional consideration, which represents its fair value at the date of acquisition.

On 3 April 2017, the Group acquired 100% of the share capital of Steel Eagle LLC, a US based pharmaceutical packaging facility.

On 1 July 2017, the Group acquired 100% of the share capital of Vynamic LLC, a US based healthcare industry management consulting firm. The Group has agreed to pay the sellers an additional amount over the next three years if predefined financial thresholds are met. The Group has included contingent consideration related to the additional consideration, which represents its fair value at the date of acquisition.

On 10 July 2017, the Group acquired 100% of the share capital of Sellxpert GmbH, a German contract sales organisation. The Group has agreed to pay the sellers an additional amount over the next three years if predefined financial thresholds are met. The Group has included contingent consideration related to the additional consideration, which represents its fair value at the date of acquisition. On 10 July 2017, the Group also acquired 50% of the share capital in Sellxpert AG, a contract sales organisation based in Switzerland.

On 12 July 2017, the Group acquired 100% of the share capital of Cambridge BioMarketing LLC, a US based healthcare communications business. The Group has agreed to pay the sellers an additional amount over the next twelve months, if predefined financial thresholds are met. The Group has included contingent consideration related to the additional consideration, which represents its fair value at the date of acquisition.

On 13 September 2017, the Group acquired 100% of the share capital of MicroMass Communications Inc ('MicroMass'), a US-based healthcare communications agency specialising in behavioural change. The Group has agreed to pay the sellers an additional amount over the next three years, if predefined financial thresholds are met. The Group has included contingent consideration related to the additional consideration, which represents its fair value at the date of acquisition.

The initial assignment of fair values to identifiable net assets acquired has been performed on a provisional basis in respect of the above listed acquisitions. Any amendments to these acquisition 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.

In the prior financial year, Pegasus Public Relations Limited, a healthcare communications company based in the UK, was acquired on 18 April 2016. 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 this acquisition. 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 year as a measurement period adjustment.

Notes forming part of the Group Financial Statements (continued)

28. Acquisition of Subsidiary Undertakings (continued)

The fair value of the assets and liabilities acquired in the year ended 30 September 2017 (excluding net cash acquired), determined on a provisional basis due to the timing of recent acquisitions, are set out below:

	STEM $'000	MicroMass $'000	Other $'000	Total $'000	Measurement period adjustments $'000	2017 Total $'000	2016 Total as re-presented $'000
Assets							
Non-current assets							
Property, plant and equipment	122	540	20,776	**21,438**	–	**21,438**	584
Intangible assets – computer software	–	–	77	**77**	–	**77**	–
Intangible assets – other intangible assets	55,332	28,300	31,061	**114,693**	(1,005)	**113,688**	10,482
Total non-current assets	55,454	28,840	51,914	**136,208**	(1,005)	**135,203**	11,066
Current assets							
Inventories	–	–	800	**800**	–	**800**	–
Trade and other receivables	9,459	6,320	18,814	**34,593**	(11)	**34,582**	6,215
Total current assets	9,459	6,320	19,614	**35,393**	(11)	**35,382**	6,215
Non-current liabilities							
Deferred income tax liabilities	(7,496)	(10,754)	–	**(18,250)**	171	**(18,079)**	(1,782)
Total non-current liabilities	(7,496)	(10,754)	–	**(18,250)**	171	**(18,079)**	(1,782)
Current liabilities							
Trade and other payables	(3,758)	(3,362)	(15,282)	**(22,402)**	–	**(22,402)**	(3,542)
Current income tax liabilities	(743)	–	(293)	**(1,036)**	–	**(1,036)**	(540)
Total current liabilities	(4,501)	(3,362)	(15,575)	**(23,438)**	–	**(23,438)**	(4,082)
Identifiable net assets acquired	52,916	21,044	55,953	**129,913**	(845)	**129,068**	11,417
Intangible assets – goodwill	50,779	53,170	36,677	**140,626**	1,844	**142,470**	11,610
Total consideration (enterprise value)	103,695	74,214	92,630	**270,539**	999	**271,538**	23,027
Satisfied by:							
Cash	63,247	63,683	78,715	**205,645**	–	**205,645**	16,843
Net cash acquired	(3,358)	(1,120)	(2,728)	**(7,206)**	–	**(7,206)**	(2,397)
Net cash outflow	59,889	62,563	75,987	**198,439**	–	**198,439**	14,446
Equity instruments (724,997 ordinary shares)	6,051	–	–	**6,051**	–	**6,051**	–
Deferred contingent acquisition consideration	37,755	11,651	16,533	**65,939**	999	**66,938**	8,581
Non-controlling interest	–	–	110	**110**	–	**110**	–
Total consideration	103,695	74,214	92,630	**270,539**	999	**271,538**	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, 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 goodwill arising from acquisitions that is expected to be tax deductible is nil (2016: nil).

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

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

The total transaction related costs for completed and aborted acquisitions amount to $4,028,000 (2016: $2,214,000). 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 current year acquisitions range from nil to $64,420,000 at 30 September 2017 (2016: nil to $8,776,000).

The Group's results for the year ended 30 September 2017 included the following amounts in respect of the businesses acquired during the year:

	2017 Total $'000	2016 Total as re-presented $'000
Revenue	**69,630**	9,268
Gross profit	**32,850**	3,191
Selling and distribution expenses	**(21,263)**	(1,585)
Other operating expenses*	**(8,365)**	(629)
Operating profit	**3,222**	977
Net interest (expense)/income	**(1,120)**	4
Profit before tax	**2,102**	981
Income tax	**(467)**	(197)
Profit after tax	**1,635**	784

* Other operating expenses relate to amortisation of intangible assets.

Had the acquisitions been effected on 1 October 2016, the combined continuing Group would have reported total revenues of $1,315,507,000 and profit after interest and tax for the financial year of $78,525,000.

29. Employee Benefits

The aggregate employee costs recognised in the Income Statement are as follows:

	2017 $'000	2016 as re-presented $'000
Wages and salaries	**447,088**	453,907
Social security contributions	**51,233**	49,903
Pension costs – defined contribution schemes	**9,515**	8,998
Pension costs – defined benefit schemes	**(341)**	(1,991)
Share-based payment expense	**3,613**	2,184
	511,108	513,001

During the year the Group capitalised employee costs amounting to $2,702,000 (2016: $1,881,000), relating to intangible assets – computer software. The Group also capitalised employee costs amounting to $1,022,000 (2016: nil) relating to tangible assets.

The employee benefit expense is analysed as follows:

	2017 $'000	2016 as re-presented $'000
Continuing operations	**511,108**	492,884
Discontinued operations	**–**	20,117
	511,108	513,001

Notes forming part of the Group Financial Statements (continued)

29. Employee Benefits (continued)

The average number of employees, including executive directors, during the year was as follows:

	2017 Number	2016 Number
Marketing, distribution and selling	6,570	6,179
Operational	1,275	1,225
Administration	76	95
	7,921	7,499

The average number of employees during the year is analysed as follows:

	2017 Number	2016 Number
Continuing operations	7,921	6,990
Discontinued operations	–	509
	7,921	7,499

A further 1,191 (2016: 1,224) personnel are employed in the Group's joint ventures.

(i) Defined contribution schemes

The Group makes contributions to a number of defined contribution schemes, the assets of which are vested in independent trustees for the benefit of members and their dependants.

(ii) Defined benefit schemes

The following amounts were recognised on the Balance Sheet of the Group in respect of employee benefit schemes as at 30 September:

	2017 $'000	2016 as re-presented $'000
Employee benefit asset	12,379	13,939
Employee benefit liability	(3,162)	(20,442)
	9,217	(6,503)

The Group operates a number of defined benefit schemes as at 30 September as follows:

	2017 $'000	2016 as re-presented $'000
United States defined benefit scheme (US scheme)	12,379	13,939
Republic of Ireland defined benefit schemes (ROI schemes)	(3,162)	(20,442)
Net surplus/(liability)	9,217	(6,503)

On 1 April 2016 the Group completed the disposal of United Drug Supply Chain Services, United Drug Sangers, TCP Group and MASTA. Under the terms of the disposal, the Group retained responsibility for the funding requirements in respect of the ROI schemes. During 2015, the Group announced that the pension accrual under the ROI schemes would cease on 31 December 2015. On completion of the disposal the future funding obligations of the Northern Ireland (NI) scheme ceased to be the responsibility of the Group.

Each of the defined benefit schemes operated by the Group are funded by the payment of contributions to separately administered trust funds. The contributions to the schemes are determined with the advice of independent qualified actuaries obtained at regular intervals using the projected unit method of funding. Each defined benefit scheme is independently funded and the assets are vested in the independent trustees for the benefit of members and their dependants. The valuations are not available for public inspection but the results are advised to members of the schemes. The most recent full actuarial valuations for the principal schemes were conducted as at 31 December 2014 for the ROI schemes and 1 January 2016 for the US scheme. Assumed medical costs are not a component of the pension obligations of any of the Group's pension obligations.

The principal long-term financial assumptions used by the Group's actuaries in the computation of the defined benefit liabilities arising on pension schemes as at 30 September are as follows:

	ROI schemes			US scheme		
	2017	2016	2015	**2017**	2016	2015
Increase in salaries	**n/a**	n/a	2.75%	**2.75–4.00%**	2.75–4.00%	2.75–4.00%
Increase in pensions	**0–1.65%**	0–1.50%	0–1.75%	**0.00%**	0.00%	0.00%
Inflation rate	**1.65%**	1.50%	1.75%	**2.75%**	2.75%	2.75%
Discount rate	**2.05%**	1.25%	2.70%	**3.60%**	3.30%	4.00%

The ROI schemes have a remeasurement gain in the current year 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 year. The US scheme has a remeasurement gain in the year arising from a higher than expected return on plan assets. In the ROI schemes, there is no longer a salary increase assumption due to the accrual of pension benefit ceasing from 1 December 2015.

All schemes used certain mortality rate assumptions when calculating scheme obligations. These are based on advice from published statistics and experience in each geographic region. These assumptions will continue to be monitored in light of general trends in mortality experience. The average life expectancy of a pensioner at age 65, in years, is as follows:

	ROI schemes		US scheme	
	2017	2016	**2017**	2016
Current pensioners				
Male	**21.4**	21.2	**21.1**	21.4
Female	**23.9**	23.7	**24.7**	25.1
Future pensioners				
Male	**23.8**	23.7	**21.5**	21.9
Female	**25.9**	25.8	**25.3**	25.8

The market value of the assets in the pension schemes at 30 September 2017 were:

	%	ROI 2017 $'000	%	US 2017 $'000
Equities				
– Developed markets	**34**	**11,652**	**49**	**15,889**
– Emerging markets	**–**	**–**	**2**	**657**
Bonds				
– Government	**40**	**13,668**	**31**	**10,153**
– Non-government	**–**	**–**	**18**	**5,761**
Property	**3**	**1,145**	**–**	**–**
Cash	**23**	**7,827**	**–**	**28**
Fair value of scheme assets	**100**	**34,292**	**100**	**32,488**
Present value of scheme obligations		**(37,454)**		**(20,109)**
Employee benefits (liability)/asset		**(3,162)**		**12,379**
Deferred income tax asset/(liability)		**234**		**(4,655)**
Net (liability)/asset		**(2,928)**		**7,724**

Notes forming part of the Group Financial Statements (continued)

29. Employee Benefits (continued)

The market value of the assets in the pension schemes at 30 September 2016 were:

	%	ROI 2016 $'000	%	US 2016 $'000
Equities				
– Developed markets	49	19,565	45	13,703
– Emerging markets	–	–	8	2,288
Bonds				
– Government	20	7,930	30	9,229
– Non-government	3	1,124	17	5,124
Property	3	1,008	–	–
Cash	25	9,830	–	60
Fair value of scheme assets	100	39,457	100	30,404
Present value of scheme obligations		(59,899)		(16,465)
Employee benefits (liability)/asset		(20,442)		13,939
Deferred income tax asset/(liability)		1,093		(5,241)
Net (liability)/asset		(19,349)		8,698

Movements in Fair Value of Plan Assets

	ROI 2017 $'000	US 2017 $'000	Total 2017 $'000	ROI 2016 $'000	US 2016 $'000	NI* 2016 $'000	Total 2016 $'000
At beginning of year	39,457	30,404	69,861	43,352	28,425	25,132	96,909
Interest income on plan assets	429	798	1,227	1,081	921	489	2,491
Employer contributions	4,218	–	4,218	6,592	–	278	6,870
Employee contributions	–	–	–	23	–	69	92
Benefit payments	(1,022)	(496)	(1,518)	(980)	(587)	(556)	(2,123)
Return on plan assets excluding interest income	2,068	1,782	3,850	1,364	1,645	1,222	4,231
Settlements	(12,663)	–	(12,663)	(11,796)	–	–	(11,796)
Disposed	–	–	–	–	–	(25,297)	(25,297)
Translation adjustment	1,805	–	1,805	(179)	–	(1,337)	(1,516)
At end of year	34,292	32,488	66,780	39,457	30,404	–	69,861

* This scheme relates to United Drug Sangers which was disposed of on 1 April 2016.

Movements in Present Value of Defined Benefit Obligations

	ROI 2017 $'000	US 2017 $'000	Total 2017 $'000	ROI 2016 $'000	US 2016 $'000	NI* 2016 $'000	Total 2016 $'000
At beginning of year	59,899	16,465	76,364	63,857	13,786	28,788	106,431
Current service costs	–	2,387	2,387	134	2,186	125	2,445
Interest on scheme obligations	638	522	1,160	1,487	527	553	2,567
Employee contributions	–	–	–	23	–	69	92
Benefit payments	(1,022)	(496)	(1,518)	(980)	(587)	(556)	(2,123)
Remeasurement (gain)/loss	(3,105)	624	(2,481)	(2,037)	354	(668)	(2,351)
Effect of changes in actuarial assumptions	(5,374)	607	(4,767)	13,900	199	715	14,814
Settlements	(15,391)	–	(15,391)	(15,865)	–	–	(15,865)
Curtailment gain	–	–	–	(367)	–	–	(367)
Disposed	–	–	–	–	–	(27,537)	(27,537)
Translation adjustment	1,809	–	1,809	(253)	–	(1,489)	(1,742)
At end of year	37,454	20,109	57,563	59,899	16,465	–	76,364

* All liabilities and information associated with the NI Scheme is attributable to United Drug Sangers which was disposed of on 1 April 2016.

The remeasurement gain/(loss) on the plan assets and present value of the defined benefit obligation are as follows:

	2017 $'000	2016 as re-presented $'000
Return on plan assets excluding interest income	**3,850**	4,231
Remeasurement loss on experience variations	**2,481**	2,351
Effect of changes in actuarial assumptions:		
– Changes in demographic assumptions	**29**	–
– Changes in financial assumptions	**4,738**	(14,814)
Total included in Group Statement of Comprehensive Income	**11,098**	(8,232)

Historical Information

	2017 $'000	2016 $'000	2015* $'000	2014* $'000	2013* $'000
Fair value of scheme assets	**66,780**	69,861	96,909	109,827	88,358
Present value of scheme obligations	**57,563**	76,364	106,431	118,280	94,522

* Includes the United Drug Sangers scheme which was disposed of on 1 April 2016.

Defined Benefit Pension Credit/(Expense) Recognised in the Income Statement

	ROI 2017 $'000	US 2017 $'000	Total 2017 $'000
Current service costs	**–**	**(2,387)**	**(2,387)**
Settlements	**2,728**	**–**	**2,728**
Interest cost on scheme obligations	**(638)**	**(522)**	**(1,160)**
Interest income on scheme assets	**429**	**798**	**1,227**
	2,519	**(2,111)**	**408**

Accrual of pension benefits within the ROI schemes ceased with effect from 31 December 2015.

During the current and prior year, 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 $2,728,000 (2016: $4,069,000, $2,641,000 of which related to discontinued operations). Related professional fees amount to $180,000 (2016: $261,000).

The employee benefit credit/(expense) is analysed as:

	2017 $'000	2016 $'000
Continuing operations	**408**	(833)
Discontinued operations	**–**	2,748
Total	**408**	1,915

	ROI 2016 $'000	US 2016 $'000	NI 2016 $'000	Total 2016 $'000
Current service costs	(134)	(2,186)	(125)	(2,445)
Settlements	4,069	–	–	4,069
Curtailment gain	367	–	–	367
Interest cost on scheme obligations	(1,487)	(527)	(553)	(2,567)
Interest on scheme assets	1,081	921	489	2,491
	3,896	(1,792)	(189)	1,915

The tax effect relating to these items is disclosed in Note 27.

The cumulative remeasurement loss recognised in Other Comprehensive Income is $27,091,000 (2016: $38,189,000). The expected employer's contribution for the year ended 30 September 2018 is $1,522,000.

Notes forming part of the Group Financial Statements (continued)

29. Employee Benefits (continued)

Expected Maturity Analysis of Undiscounted Pension Benefits

	Less than 1 year $'000	Between 1–2 years $'000	Between 2–5 years $'000	Over 5 years $'000	Total $'000
ROI schemes	**868**	**960**	**3,223**	**6,199**	**11,250**
US scheme	**1,326**	**1,365**	**5,145**	**80,181**	**88,017**
At 30 September 2017	**2,194**	**2,325**	**8,368**	**86,380**	**99,267**
ROI schemes	858	1,006	3,810	8,025	13,699
US scheme	1,256	920	4,025	63,373	69,574
At 30 September 2016	2,114	1,926	7,835	71,398	83,273

Sensitivity Analysis for Principal Assumptions Used to Measure Scheme Liabilities

There are inherent uncertainties surrounding the financial assumptions adopted in calculating the actuarial valuation of the Group's defined benefit pension schemes. The following table analyses, for the Group's pension schemes, the estimated impact on plan obligations resulting from changes to key actuarial assumptions, whilst holding all other assumptions constant. The impact on the defined benefit obligation at 30 September 2017 is calculated on the basis that only one assumption is changed with all other assumptions remaining unchanged. The assessment of the sensitivity analysis below could therefore be limited as a change in one assumption may not occur in isolation as assumptions may be correlated.

Assumption	Change in assumption	Impact on ROI plan liabilities	Impact on US plan liabilities
Discount rate	Increase/decrease by 0.25%	↑↓ by 4.8%	↑↓ by 2.1%
Price inflation	Increase/decrease by 0.25%	↑↓ by 2.8%	↑↓ by 0.0%
Mortality	Increase by one year	↑ by 3.7%	↑ by 0.3%

Share-Based Payment

	2017 $'000	2016 as re-presented $'000
Executive Share Option Plan expense	**163**	394
Long Term Incentive Plan expense	**3,450**	1,780
Ashfield In2Focus share scheme expense	**–**	10
	3,613	2,184

$863,000 (2016: $767,000) of the total share-based payment expense recognised in the Income Statement relates to the directors.

Executive Share Option Plan/Executive Share Option Scheme

The Company's Executive Share Option Plan (ESOP) was established during 2010. Under the ESOP share options may be granted to management which may entitle them to purchase shares in the Company so as to provide an incentive to perform strongly over an extended period and to encourage alignment of their interests with those of shareholders. Share options granted under the ESOP are exercisable for a period of four years from the third anniversary of the grant date, if adjusted diluted EPS growth is not less than the movement in the Irish Consumer Price Index, plus 3% compounded, over the performance period. There were no share options granted under the ESOP in the current year (2016: nil). In accordance with the terms of the ESOP, share options granted are exercisable at the market price of the underlying share on the last dealing day preceding the date of grant.

The terms of the former Executive Share Option Scheme (ESOS) are set out in the Directors' Remuneration Report on pages 70 to 87. The measurement requirements of IFRS 2 Share-based Payment have been implemented in respect of share options that were granted after 7 November 2002. There were no share options granted under the ESOS in the current year (2016: nil).

The number and weighted average exercise price of outstanding share options under the ESOP/ESOS are as follows:

	Weighted average exercise price 2017 $	**Number of share options 2017 '000**	Weighted average exercise price 2016 $	Number of share options 2016 '000
Outstanding at beginning of year	**5.79**	**1,769**	4.71	3,880
Forfeited during the year	**7.15**	**(123)**	5.73	(555)
Exercised during the year	**4.72**	**(837)**	4.38	(1,197)
Lapsed during the year	**–**	**–**	4.37	(359)
Outstanding at end of year	**6.69**	**809**	5.79	1,769
Exercisable at end of year	**6.23**	**181**	4.18	618

The weighted average share price at the date of exercise of share options during the year was $9.05 (2016: $8.12). The weighted average remaining contractual life for the share options outstanding at 30 September 2017 was 4.76 years (2016: 4.57 years).

At 30 September 2017, the range of exercise prices of outstanding share options was from $4.30 to $7.78 (2016: $2.82 to $7.78).

Analysis of ESOP/ESOS Share Options Outstanding at Year End

Share option by exercise price:

	Exercise price £	**Number of options 2017 '000**	Number of options 2016 '000
	5.13	**238**	311
	2.68	**1**	31
	3.73	**570**	840
Total – Sterling denominated		**809**	1,182

	Exercise price €	**Number of options 2017 '000**	Number of options 2016 '000
	2.09	**–**	284
	4.06	**–**	303
Total – Euro denominated		**–**	587
Total options outstanding		**809**	1,769

Long Term Incentive Plan

The Company's Long Term Incentive Plan (LTIP) was established during 2010. The terms of share options granted under the LTIP during the year are set out in the Directors' Remuneration Report on pages 70 to 87. During the year 914,344 (2016: 858,432) share options were granted under the LTIP. In accordance with the terms of the LTIP, share options awarded are exercisable at the nominal value of the underlying share as at the date of grant.

Notes forming part of the Group Financial Statements (continued)

29. Employee Benefits (continued)

Long Term Incentive Plan (continued)

A summary of the details in respect of share options granted under the LTIP in 2017 and 2016 is set out below.

	2017 Market based awards	2017 Market based awards	2017 Non-market based awards	2017 Market based awards	2017 Market based awards	2017 Non-market based awards	2017 Market based awards	2017 Non-market based awards
Grant date	**25 July 2017**	**25 May 2017**	**25 May 2017**	**8 December 2016**	**8 December 2016**	**8 December 2016**	**8 December 2016**	**8 December 2016**
Fair value at grant date	**$6.35**	**$6.53**	**$10.13**	**$5.48**	**$5.84**	**$8.80**	**$5.92**	**$8.80**
Share price at grant date	**$10.86**	**$10.18**	**$10.18**	**$8.79**	**$8.79**	**$8.79**	**$8.79**	**$8.79**
Exercise price	**$0.06**	**$0.06**	**$0.06**	**$0.05**	**$0.05**	**$0.05**	**$0.05**	**$0.05**
Expected volatility	**21.59%**	**24.11%**	**24.11%**	**37.91%**	**37.91%**	**37.91%**	**37.91%**	**37.91%**
Expected life	**3 years**	**5 years**	**5 years**	**5 years**	**6 years**	**6 years**	**5 years**	**5 years**
Risk-free interest rate	**0.92%**	**0.59%**	**0.59%**	**0.36%**	**0.49%**	**0.49%**	**0.36%**	**0.36%**
Valuation model	**Monte Carlo Simulation**	**Monte Carlo Simulation**	**Monte Carlo option pricing model**	**Monte Carlo Simulation**	**Monte Carlo Simulation**	**Monte Carlo option pricing model**	**Monte Carlo Simulation**	**Monte Carlo option pricing model**
Performance period	**3 years**	**3 years**	**3 years**	**3 years**	**3 years**	**3 years**	**3 years**	**3 years**
Vesting period	**3 years**	**3 years**	**3 years**	**3 years**	**5 years**	**5 years**	**3 years**	**3 years**

	2016 Market based awards	2016 Non-market based awards	2016 Market based awards	2016 Non-market based awards	2016 Market based awards	2016 Non-market based awards	2016 Market based awards
Grant date	31 May 2016	31 May 2016	31 May 2016	5 February 2016	5 February 2016	3 December 2015	3 December 2015
Fair value at grant date	$5.98	$8.53	$6.55	$7.42	$4.58	$8.13	$5.11
Share price at grant date	$8.59	$8.59	$8.59	$7.46	$7.46	$8.18	$8.18
Exercise price	$0.06	$0.06	$0.06	$0.06	$0.06	$0.05	$0.05
Expected volatility	25.54%	25.54%	25.54%	28.86%	28.86%	27.88%	27.88%
Expected life	5 years	5 years	5 years	6 years	6 years	6 years	6 years
Risk-free interest rate	0.897%	0.897%	0.897%	0.980%	0.980%	1.472%	1.472%
Valuation model	Monte Carlo Simulation	Monte Carlo Simulation	Monte Carlo Simulation	Black Scholes	Monte Carlo Simulation	Black Scholes	Monte Carlo Simulation
Performance period	3 years	3 years	3 years	3 years	3 years	3 years	3 years
Vesting period	3 years	5 years	5 years	5 years	5 years	5 years	5 years

The number and weighted average exercise price of outstanding share options under the LTIP are as follows:

	Weighted average exercise price 2017 $	**Number of share options 2017 '000**	Weighted average exercise price 2016 $	Number of share options 2016 '000
Outstanding at beginning of year	**0.06**	**2,079**	0.06	1,958
Forfeited during the year	**0.06**	**(71)**	0.06	(49)
Exercised during the year	**0.06**	**–**	0.06	(688)
Granted during the year	**0.06**	**914**	0.06	858
Outstanding at end of year	**0.06**	**2,922**	0.06	2,079
Exercisable at end of year	**0.06**	**116**	0.06	116

The weighted average share price at the date of exercise of share options in the prior year was $8.03. The weighted average remaining contractual life for the share options outstanding at 30 September 2017 was 4.86 years (2016: 5.39 years).

Ashfield Healthcare UK Share Scheme

The number of outstanding shares under the Ashfield Healthcare UK share scheme is as follows:

	Number of shares 2017 '000	Number of shares 2016 '000
At beginning of year	**–**	6
Released during year	**–**	(6)
At end of year	**–**	–

30. Financial Instruments and Financial Risk

Fair values versus carrying amounts

The fair value of financial assets and liabilities together with the carrying amounts shown in the Balance Sheet are as follows:

30 September 2017	Cash flow hedges $'000	Fair value through profit or loss $'000	Receivables $'000	Liabilities at amortised cost $'000	Total carrying value $'000	Fair value $'000
Trade and other receivables (Note 16)	–	–	239,261	–	239,261	239,261
Derivative financial assets	2,581	1,171	–	–	3,752	3,752
Cash and cash equivalents	–	–	187,469	–	187,469	187,469
	2,581	1,171	426,730	–	430,482	430,482
Trade and other payables (Note 24)	–	–	–	70,739	70,739	70,739
Derivative financial liabilities	352	–	–	–	352	352
Interest-bearing loans and borrowings (Note 23)	–	–	–	243,971	243,971	248,987
Finance lease liabilities (Note 23)	–	–	–	164	164	164
Deferred contingent consideration (Note 25)	–	71,878	–	–	71,878	71,878
	352	71,878	–	314,874	387,104	392,120

30 September 2016 (as re-presented)	Cash flow hedges $'000	Fair value through profit or loss $'000	Receivables $'000	Liabilities at amortised cost $'000	Total carrying value $'000	Fair value $'000
Trade and other receivables (Note 16)	–	–	180,405	–	180,405	180,405
Derivative financial assets	17,451	3,973	–	–	21,424	21,424
Cash and cash equivalents	–	–	428,729	–	428,729	428,729
	17,451	3,973	609,134	–	630,558	630,558
Trade and other payables (Note 24)	–	–	–	62,699	62,699	62,699
Interest-bearing loans and borrowings (Note 23)	–	–	–	306,823	306,823	310,258
Finance lease liabilities (Note 23)	–	–	–	167	167	167
Deferred contingent consideration (Note 25)	–	15,419	–	–	15,419	15,419
	–	15,419	–	369,689	385,108	388,543

The fair values of the financial assets and liabilities not measured at fair value 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 (Excluding Finance Lease Liabilities)

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, 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 the fair values at the year 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).

Notes forming part of the Group Financial Statements (continued)

30. Financial Instruments and Financial Risk (continued)

Valuation Techniques and Significant Unobservable Inputs (continued)

Fair value hierarchy of assets and liabilities measured at fair value (continued)

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

Fair value measurement as at 30 September 2017	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets measured at fair value				
Designated as hedging instruments				
Cross currency interest rate swaps	–	3,752	–	3,752
	–	3,752	–	3,752
Liabilities measured at fair value				
Designated hedging instruments				
Cross currency interest rate swaps	–	352	–	352
At fair value through profit or loss				
Deferred contingent consideration	–	–	71,878	71,878
	–	352	71,878	72,230

Fair value measurement as at 30 September 2016 (as re-presented)	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets measured at fair value				
Designated as hedging instruments				
Cross currency interest rate swaps	–	21,424	–	21,424
	–	21,424	–	21,424
Liabilities measured at fair value				
At fair value through profit or loss				
Deferred contingent consideration	–	–	15,419	15,419
	–	–	15,419	15,419

Derivative Financial Instruments

Derivative financial assets	2017 $'000	2016 as re-presented $'000
Current	2,450	8,239
Non-current	1,302	13,185
	3,752	21,424
Derivative financial liabilities		
Non-current	352	–
	352	–
Net derivative financial asset	3,400	21,424

Summary of derivatives:

	Amount of financial assets/ liabilities as presented in the Balance Sheet $'000	Related amounts not offset in the Balance Sheet $'000	2017 Net $'000	Amount of financial assets/ liabilities as presented in the Balance Sheet $'000	Related amounts not offset in the Balance Sheet $'000	2016 Net as represented $'000
Derivative financial assets	3,752	–	3,752	21,424	–	21,424
Derivative financial liabilities	352	–	352	–	–	–

All derivatives entered into by the Group are included in Level 2 of the fair value hierarchy and consist of cross-currency interest rate swaps. The fair value of cross-currency interest rate swaps are calculated at the present value of the estimated future cash flows based on the terms and maturity of each contract 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, where appropriate, adjustments to take account of the credit risk of the Group entity and counterparty.

The fair value of cross-currency interest rate swaps is the estimated amount that the Group would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rates.

The swaps are a mixture of fixed to fixed and fixed to floating rate swaps. The Group classifies the fixed to floating swap as a fair value hedge and has stated it at its fair value with a corresponding opposite adjustment to the underlying debt for the risk being hedged. Both of these adjustments are recorded within the income statement and to the extent they do not offset, this represents the ineffective portion of the fair value hedge. The fair value of this swap at 30 September 2017 was a net asset of $1,171,000 (2016: net asset of $3,973,000).

The fixed to fixed rate cross currency interest rate swaps are classified as cash flow hedges and are stated at their fair value. The fair value of these swaps at 30 September 2017 was a net asset of $2,229,000 (2016: net asset of $17,451,000), and the effective portion of this adjustment was accounted for in the cash flow hedge reserve.

The interest element of the cash flow hedges will be recognised in the Income Statement in the periods to 30 September 2025, as the associated interest on the hedged debt is recognised.

Deferred Contingent Consideration

Deferred contingent consideration is included in Level 3 of the fair value hierarchy. Details of the movement in the year are included in Note 25. 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 contingent consideration is in respect of acquisitions completed during 2012, 2016 and 2017.

The significant unobservable inputs are:

- forecasted average annual net revenue growth rate 13% (2016: 6%);
- forecast average EBIT growth rate 22% (2016: 10%); and
- risk adjusted discount rate 0.02% – 1.55% (2016: 6.2% – 8.5%).

Inter-relationship Between Significant Unobservable Inputs and Fair Value Measurement

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

- the annual net revenue growth rate 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 reasonably possible change to one of the significant unobservable inputs at 30 September 2017, holding the other inputs constant, would have the following effects:

	Increase $'000	Decrease $'000
Effect of change in assumption on income statement:		
Annual EBIT growth rate (1% movement)	–	–
Annual net revenue growth rate (1% movement)	–	–
Risk-adjusted discount rate (1% movement)	293	(212)

Notes forming part of the Group Financial Statements (continued)

30. Financial Instruments and Financial Risk (continued)

Capital Management

The Board considers capital to consist of equity (share capital, share premium and retained earnings) and net debt. The Board's policy is to maintain a strong capital base to maintain investor, creditor and market confidence and to sustain the ongoing development of the Group. The directors periodically review the capital structure of the Group, considering the cost of capital and the risks associated with each class of capital. The Board monitors the return on equity generated by the Group and the level of dividends paid to shareholders. There were no changes to the Board's approach to capital management during the year.

	2017 $'000	2016 as re-presented $'000
Capital and reserves attributable to the equity holders of the Company	**878,547**	806,876
Net debt	**53,266**	–
Capital and net debt	**931,813**	806,876

Financial Ratios

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.

	2017 Times	2016 Times
Net (debt)/cash to EBITDA	**(0.32)**	1.05
EBITDA interest cover	**16.3**	10.6

Financial Risk Management

The Group's multinational operations expose it to different financial risks that include foreign exchange rate risks, credit risks, liquidity risks and interest rate risks. The Group has a risk management programme in place which seeks to limit the impact of these risks on the financial performance of the Group. The Board has determined the policies for managing these risks as set out below.

Credit Risk

The Group has detailed procedures for monitoring and managing the credit risk related to its trade receivables based on experience, client's track record and historic default rates. Individual credit limits are generally set by client and credit is only extended above such limits in defined circumstances.

The Group establishes an allowance for impairment that represents the best estimate of incurred losses in respect of trade and other receivables (Note 16). Where the Group is satisfied that no recovery of the amount owing is possible, the amount is considered irrecoverable and is written off directly against the receivable.

At the balance sheet date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset.

Interest Rate Risk

The majority of the Group's ongoing operations are financed from a mixture of cash generated from operations and borrowings. Other than the US dollar private placement borrowings which are secured at fixed interest rates, borrowings are initially secured at floating interest rates and interest rate risk is monitored on an ongoing basis.

A reduction of one hundred basis points in interest rates at the reporting date would have increased profit before tax by the amounts shown below assuming all other variables including foreign currency rates remain constant. An increase of one hundred basis points on the same basis would reduce profit before tax by $261,000 (2016: $351,000).

Effect of reduction of one hundred basis points:

	2017 $'000	2016 as re-presented $'000
Profit before tax	**261**	440

Currency Risk

Structural currency risk

A significant proportion of the Group's operations are carried out in the UK and Europe and as a result the Group is exposed to structural currency fluctuations in respect of sterling and the euro. Where practical, the Group finances investments through borrowings denominated in the same currency in which the related cash flows will be generated. To the extent that the non-US dollar denominated assets and liabilities of the Group do not offset, the Group is exposed to structural currency risk. Such movements are reported through the Group Statement of Comprehensive Income.

Euro and sterling denominated profits are translated into US dollars at the average rate of exchange for the financial year. The average rate at which euro profits were translated during the year was $1:€0.9047 (2016: $1:€0.9002) and sterling profits were translated at $1:£0.7891 (2016: $1:£0.7045).

The Group is also subject to translational currency risk on the translation of profits earned outside of the US.

Transactional currency risk

The euro is the principal currency of the Group's Irish and Continental European businesses, sterling is the principal currency for the Group's UK businesses and the US dollar is the principal currency for the Group's US businesses. The Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot and forward rates where necessary. Details of the Group's transactional foreign currency risk at 30 September 2017 and 2016 arising from foreign currency transactions are set out in the table below.

	Euro 2017 $'000	Sterling 2017 $'000	US dollar 2017 $'000	Total 2017 $'000
Cash and cash equivalents	**3,906**	**2,349**	**3,385**	**9,640**
Trade receivables	**6,521**	**397**	**4,137**	**11,055**
Trade and other payables	**(3,755)**	**(945)**	**(3,131)**	**(7,831)**
	6,672	**1,801**	**4,391**	**12,846**
(as re-presented)	Euro 2016 $'000	Sterling 2016 $'000	US dollar 2016 $'000	Total 2016 $'000
Cash and cash equivalents	1,680	155	2,513	4,348
Trade receivables	7,242	228	7,632	15,102
Trade and other payables	(3,330)	(1,098)	(3,479)	(7,907)
	5,592	(715)	6,666	11,543

Sensitivity analysis on transactional currency risk

For the purposes of performing sensitivity analysis on transactional currency risk, financial assets and liabilities outstanding at the balance sheet date denominated in a currency other than the functional currency of individual entities, have been aggregated by currency and the impact of a 5% strengthening of the US dollar against the relevant currency calculated. This analysis assumes that all other variables, in particular interest rates, remain constant.

Euro:

Based on the value of euro denominated financial assets and liabilities held by individual entities with a functional currency other than the euro, a 5% strengthening of the US dollar against the euro at 30 September 2017 and 30 September 2016 would have increased/(reduced) equity and profit after tax by the amounts shown below:

	2017 $'000	2016 $'000
Profit after tax	**292**	235

Sterling:

Based on the value of sterling denominated financial assets and liabilities held by individual entities with a functional currency other than sterling, a 5% strengthening of the US dollar against sterling at 30 September 2017 and 30 September 2016 would not have had a material effect on equity or profit after tax of the Group.

Notes forming part of the Group Financial Statements (continued)

30. Financial Instruments and Financial Risk (continued)

Funding and Liquidity

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group uses a combination of long and short-term debt and cash and cash equivalents to meet its liabilities as they fall due. This is in addition to the Group's strong cash flow generation. The Group believes it has sufficient cash resources and bank debt facilities at its disposal, which provides flexibility in financing existing operations, acquisitions and other developments.

The following are the undiscounted contractual maturities of financial instruments, including interest payments and excluding the impact of netting arrangements:

30 September 2017	Carrying amount $'000	Contractual cash flow $'000	6 months or less $'000	6–12 months $'000	Between 1–2 years $'000	Between 2–5 years $'000	More than 5 years $'000
Non-derivative financial instruments							
Bank overdraft	**70**	**73**	**73**	**–**	**–**	**–**	**–**
Finance leases	**164**	**169**	**70**	**64**	**35**	**–**	**–**
Floating rate unsecured guaranteed senior notes	**15,545**	**15,002**	**103**	**103**	**14,796**	**–**	**–**
Fixed rate unsecured guaranteed senior notes	**228,356**	**260,304**	**4,042**	**4,042**	**58,136**	**17,657**	**176,427**
Trade and other payables	**70,739**	**70,739**	**70,739**	**–**	**–**	**–**	**–**
Provisions	**72,375**	**73,573**	**1,230**	**12,846**	**43,123**	**16,374**	**–**
Derivative financial instruments							
Cash flow hedges	**(2,229)**	**(2,559)**	**(40)**	**(40)**	**(572)**	**(174)**	**(1,733)**
Fair value hedges	**(1,171)**	**(1,220)**	**(8)**	**(8)**	**(1,204)**	**–**	**–**
	383,849	**416,081**	**76,209**	**17,007**	**114,314**	**33,857**	**174,694**

30 September 2016 (as re-presented)	Carrying amount $'000	Contractual cash flow $'000	6 months or less $'000	6–12 months $'000	Between 1–2 years $'000	Between 2–5 years $'000	More than 5 years $'000
Non-derivative financial instruments							
Other loans and borrowings	(568)	(568)	(189)	(189)	(190)	–	–
Bank overdraft	91	95	95	–	–	–	–
Finance leases	167	171	158	4	9	–	–
Floating rate unsecured guaranteed senior notes	31,157	27,990	191	13,787	205	13,807	–
Fixed rate unsecured guaranteed senior notes	276,143	299,475	4,727	50,700	7,642	64,053	172,353
Trade and other payables	62,699	62,699	62,699	–	–	–	–
Provisions	16,067	16,873	1,199	8,890	4,956	1,828	–
Derivative financial instruments							
Cash flow hedges	(17,451)	(20,149)	(318)	(3,411)	(515)	(4,309)	(11,596)
Fair value hedges	(3,972)	(4,086)	(28)	(2,012)	(30)	(2,016)	–
	364,373	382,500	68,534	67,769	12,077	73,363	160,757

Maturity Profile of Net Debt

In respect of income-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at the balance sheet date and the periods in which they mature.

30 September 2017	Effective interest rate	Total $'000	Less than 1 year $'000	Between 1–2 years $'000	Between 2–5 years $'000	More than 5 years $'000
Cash at bank and short-term deposits	0.33%	187,469	187,469	–	–	–
Other loans and borrowings	7%	(70)	(70)	–	–	–
Finance leases	1.51%	(164)	(130)	(34)	–	–
Floating rate unsecured guaranteed senior notes	1.29%	(15,545)	17	6	(15,568)	–
Fixed rate unsecured guaranteed senior notes	3.73%	(228,356)	125	89	(49,794)	(178,776)
Total loan notes		(243,901)	142	95	(65,362)	(178,776)
Total before derivatives		(56,666)	187,411	61	(65,362)	(178,776)
Derivatives		3,400	2,450	1,299	3,713	(4,062)
Net (debt)/cash		(53,266)	189,861	1,360	(61,649)	(182,838)

30 September 2016 (as re-presented)	Effective interest rate	Total $'000	Less than 1 year $'000	Between 1–2 years $'000	Between 2–5 years $'000	More than 5 years $'000
Cash at bank and short term deposits	0.06%	428,729	428,729	–	–	–
Other loans and borrowings	7%	477	287	190	–	–
Finance leases	0.68%	(167)	(158)	(9)	–	–
Floating rate unsecured guaranteed senior notes	1.40%	(31,157)	(15,131)	–	(16,026)	–
Fixed rate unsecured guaranteed senior notes	3.79%	(276,143)	(49,880)	–	(49,995)	(176,268)
Total loan notes		(307,300)	(65,011)	–	(66,021)	(176,268)
Total before derivatives		121,739	363,847	181	(66,021)	(176,268)
Derivatives		21,424	7,336	3,768	7,233	3,087
Net cash/(debt)		143,163	371,183	3,949	(58,788)	(173,181)

The effect of the derivatives included above has been to swap US dollar denominated debt to euro denominated debt and to partially swap fixed rate interest into floating rate interest.

31. Capital Commitments

Capital expenditure authorised but not contracted for amounted to $18,900,000 (2016: $29,668,000) at the balance sheet date. This primarily relates to the Group's UK clinical facility move and the Group's investment in Future Fit IT initiatives.

32. 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 would 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, 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; 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; 30 September 2015: $1:€0.8709).
- Differences resulting from the retranslation were taken to reserves.

Notes forming part of the Group Financial Statements (continued)

32. Change in Presentation Currency (continued)

To assist shareholders during this change, the impact on the prior period results, closing balance sheet and the numerator for earnings per share as originally reported is set out below:

Group Income Statement
for the year ended 30 September 2016

Continuing operations	As restated (Note 2) year ended 30 September 2016 €'000	As re-presented and restated (Note 2) year ended 30 September 2016 $'000
Revenue	975,280	1,083,439
Cost of sales	(691,181)	(767,833)
Gross profit	284,099	315,606
Selling and distribution expenses	(159,820)	(177,543)
Administration expenses	(18,771)	(20,854)
Other operating expenses	(16,395)	(18,213)
Transaction costs	(1,993)	(2,214)
Share of joint ventures' profit after tax	718	798
Operating profit	87,838	97,580
Finance income	4,781	5,311
Finance expense	(17,417)	(19,349)
Profit before tax from continuing operations	75,202	83,542
Income tax expense	(13,888)	(15,428)
Profit for the financial year from continuing operations	61,314	68,114
Profit after tax for the financial year from discontinued operations	131,958	150,409
Profit for the financial year	193,272	218,523
Profit attributable to:		
Continuing operations	61,314	68,114
Discontinued operations	131,958	150,409
	193,272	218,523
Earnings per ordinary share:		
Basic – continuing operations	24.88c	27.64c
Basic – discontinued operations	53.56c	61.04c
Basic	78.44c	88.68c
Diluted – continuing operations	24.78c	27.53c
Diluted – discontinued operations	53.33c	60.79c
Diluted	78.11c	88.32c

Group Statement of Comprehensive Income
for the year ended 30 September 2016

		As originally reported year ended 30 September 2016 €'000		As re-presented year ended 30 September 2016 $'000
Profit for the financial year		193,272		218,523
Other comprehensive income/(expense):				
Items that will not be reclassified to profit or loss:				
Remeasurement (loss)/gain on Group defined benefit schemes				
– Continuing operations		(8,468)		(9,409)
– Discontinued operations		1,057		1,177
Deferred tax on Group defined benefit schemes				
– Continuing operations		539		599
– Discontinued operations		(211)		(232)
		(7,083)		(7,865)
Items that may be reclassified subsequently to profit or loss:				
Foreign currency translation adjustment		–		
– Continuing operations		(45,373)		(60,031)
– Discontinued operations		(7,109)		(2,045)
Reclassification on loss of control		4,640		5,283
Gain on hedge of net investment in foreign operations		2,262		–
Group cash flow hedges:				
– Effective portion of cash flow hedges – movement into reserve	(4,936)		(5,483)	
– Effective portion of cash flow hedges – movement out of reserve	(806)		(896)	
Effective portion of cash flow hedges		(5,742)		(6,379)
– Movement in deferred tax – movement into reserve	617		685	
– Movement in deferred tax – movement out of reserve	101		113	
Net movement in deferred tax		718		798
		(50,604)		(62,374)
Other comprehensive expense, net of tax		(57,687)		(70,239)
Total comprehensive income, net of tax, attributable to equity holders of the parent		135,585		148,284
Total comprehensive income/(expense) attributable to:				
Continuing operations		5,250		(6,308)
Discontinued operations		130,335		154,592
		135,585		148,284

Notes forming part of the Group Financial Statements (continued)

32. Change in Presentation Currency (continued)

Group Balance Sheet

	As at 30 September 2016		As at 30 September 2015	
	As originally reported €'000	As re-presented $'000	As originally reported €'000	As re-presented $'000
ASSETS				
Non-current				
Property, plant and equipment	122,638	136,877	117,903	132,087
Goodwill	344,521	384,520	358,213	401,306
Intangible assets	97,054	108,322	101,693	113,927
Investment in joint ventures and associates	8,124	9,067	23,079	25,855
Derivative financial instruments	11,814	13,185	22,048	24,700
Deferred income tax assets	3,849	4,296	3,984	4,463
Employee benefits	12,489	13,939	13,067	14,639
Total non-current assets	600,489	670,206	639,987	716,977
Current				
Inventories	49,226	54,941	55,017	61,636
Trade and other receivables	209,472	233,791	205,248	229,939
Cash and cash equivalents	384,131	428,729	214,078	239,832
Current income tax assets	4,061	4,532	1,612	1,806
Derivative financial instruments	7,382	8,239	4,750	5,321
Assets held for sale	–	–	473,820	530,821
Total current assets	654,272	730,232	954,525	1,069,355
Total assets	1,254,761	1,400,438	1,594,512	1,786,332
EQUITY				
Equity share capital	12,715	14,535	12,621	14,430
Share premium	156,084	187,355	152,164	183,000
Other reserves	(41,295)	(179,446)	10,077	(116,219)
Retained earnings	595,449	784,432	433,912	600,793
Total equity	722,953	806,876	608,774	682,004
LIABILITIES				
Non-current				
Interest-bearing loans and borrowings	216,923	242,108	415,840	465,866
Provisions	5,451	6,084	7,508	8,411
Employee benefits	18,315	20,442	18,303	20,505
Deferred income tax liabilities	27,782	31,008	28,050	31,424
Total non-current liabilities	268,471	299,642	469,701	526,206
Current				
Interest-bearing loans and borrowings	58,133	64,882	20,811	23,315
Trade and other payables	183,190	204,468	191,758	214,831
Current income tax liabilities	13,070	14,587	4,452	4,988
Provisions	8,944	9,983	18,683	20,931
Liabilities held for sale	–	–	280,333	314,057
Total current liabilities	263,337	293,920	516,037	578,122
Total liabilities	531,808	593,562	985,738	1,104,328
Total equity and liabilities	1,254,761	1,400,438	1,594,512	1,786,332

33. 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.

Magir Limited, the Group's joint venture investment, has been classified as an asset held for sale at 30 September 2017. The Group has provided a guarantee to Magir's bankers for an amount of £9,500,000 and a loan, gross of interest, of £10,997,000.

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 plc classifies directors, the Company Secretary and members of its senior executive team as key management personnel. The senior executive team is the body of senior executives that formulates business strategy along with the directors, follows through on implementation of that strategy and directs and controls the activities of the Group on a day-to-day basis.

In addition to the executive directors, the following individuals were members of the senior executive team at 30 September 2017:

Name	Title
Sean Coyle	Managing Director of Aquilant and Group Finance Director
Eleanor Garvey	Group Head of Quality and Compliance
Eimear Kenny	Group Head of Human Resources
Liam Logue	Head of Corporate Development
Mike O'Hara	Managing Director of Sharp
Damien Moynagh	General Counsel and Company Secretary
Jez Moulding	Executive Vice President of Ashfield and Group Chief Operating Officer

Remuneration of Key Management Personnel

	2017 $'000	2016 as re-presented $'000
Salaries and other short-term benefits	**7,882**	8,976
Post employment benefits	**882**	991
Share-based payment (calculated in accordance with the principles disclosed in Note 29)	**1,823**	1,685
	10,587	11,652

Details of the remuneration of the Group's individual directors, together with the number of UDG Healthcare plc shares owned by them and their outstanding share options, are set out in the Directors' Remuneration Report.

34. Events After the Balance Sheet Date

There have been no significant events after the balance sheet date which require disclosure.

Company Statement of Comprehensive Income
for the year end 30 September 2017

	Note	2017 €'000	2016 €'000
Profit for the financial year		**76,437**	93,559
Other comprehensive income/(expense):			
Company defined benefit pension schemes:			
– Remeasurement gain/(loss) on defined benefit pension schemes	44	**9,542**	(8,235)
– Deferred tax on defined benefit pension schemes	39	**(354)**	757
Other comprehensive income/(expense) for the financial year		**9,188**	(7,478)
Total comprehensive income for the financial year		**85,625**	86,081

Company Statement of Changes in Equity
for the year ended 30 September 2017

	Equity share capital €'000	Share premium €'000	Retained earnings €'000	Other reserves €'000	Total equity €'000
At 1 October 2016	**12,715**	**156,084**	**308,038**	**54,123**	**530,960**
Profit for the financial year	**–**	**–**	**76,437**	**–**	**76,437**
Other comprehensive income/(expense):					
Remeasurement gain on defined benefit pension schemes	**–**	**–**	**9,542**	**–**	**9,542**
Deferred tax on defined benefit pension schemes	**–**	**–**	**(354)**	**–**	**(354)**
Total comprehensive income for the year	**–**	**–**	**85,625**	**–**	**85,625**
Transactions with shareholders:					
New shares issued	**41**	**2,831**	**–**	**–**	**2,872**
Issued in business combination	**36**	**5,610**	**–**	**–**	**5,646**
Share-based payment expense	**–**	**–**	**–**	**3,269**	**3,269**
Dividends paid to equity holders	**–**	**–**	**(28,985)**	**–**	**(28,985)**
Release from share-based payment reserve	**–**	**–**	**497**	**(497)**	**–**
At 30 September 2017	**12,792**	**164,525**	**365,175**	**56,895**	**599,387**

for the year ended 30 September 2016

	Equity share capital €'000	Share premium €'000	Retained earnings €'000	Other reserves €'000	Total equity €'000
At 1 October 2015	12,621	152,164	246,609	54,900	466,294
Profit for the financial year	–	–	93,559	–	93,559
Other comprehensive income/(expense):					
Remeasurement loss on defined benefit pension schemes	–	–	(8,235)	–	(8,235)
Deferred tax on defined benefit pension schemes	–	–	757	–	757
Total comprehensive income for the year	–	–	86,081	–	86,081
Transactions with shareholders:					
New shares issued	94	3,920	–	–	4,014
Share-based payment expense	–	–	–	1,957	1,957
Dividends paid to equity holders	–	–	(27,386)	–	(27,386)
Release from share-based payment reserve	–	–	2,734	(2,734)	–
At 30 September 2016	12,715	156,084	308,038	54,123	530,960

Company Balance Sheet
as at 30 September 2017

	Note	2017 €'000	2016 €'000
ASSETS			
Non-current			
Property, plant and equipment	36	–	1,084
Intangible assets	37	–	5,647
Investment in subsidiary undertakings	38	289,593	152,193
Deferred income tax assets	39	–	1,336
Total non-current assets		289,593	160,260
Current			
Trade and other receivables	40	369,347	364,638
Cash and cash equivalents		44,634	118,066
Total current assets		413,981	482,704
Total assets		703,574	642,964
EQUITY			
Equity share capital		12,792	12,715
Share premium		164,525	156,084
Other reserves	41	56,895	54,123
Retained earnings	41	365,175	308,038
Capital and reserves attributable to equity holders of the parent		599,387	530,960
LIABILITIES			
Non-current			
Employee benefits	44	–	18,315
Total non-current liabilities		–	18,315
Current			
Trade and other payables	43	103,249	93,087
Current income tax liabilities		938	602
Total current liabilities		104,187	93,689
Total liabilities		104,187	112,004
Total equity and liabilities		703,574	642,964

On behalf of the Board

P. Gray
Director

B. McAtamney
Director

Company Cash Flow Statement
for the year ended 30 September 2017

	2017 €'000	2016 €'000
Cash flows from operating activities		
Profit before tax	76,596	93,062
Impairment of investment in subsidiary undertakings	–	1,270
Finance income	(1)	(4)
Finance expense	191	1,791
Transfer of defined benefit pension obligations	7,678	(7,921)
Operating profit	84,464	88,198
Depreciation charge	–	373
Amortisation charge	–	1,277
Impairment of intangible assets	–	718
(Increase)/decrease in trade and other receivables	(6,190)	291,153
Decrease in trade payables, provisions and other payables	(17,234)	(231,291)
Profit on disposal of investments	–	(21,654)
Interest paid	(2)	(946)
Income taxes received	962	214
Net cash inflow from operating activities	62,000	128,042
Cash flows from investing activities		
Interest received	1	4
Purchase of property, plant and equipment	–	(1,042)
Disposal of property, plant and equipment	1,084	–
Investment in intangible assets – computer software	–	(260)
Disposal of intangible assets – computer software	5,647	–
Investment in subsidiary undertakings	(116,051)	(18,179)
Disposal of investment in subsidiary undertakings	–	32,873
Net cash (outflow)/inflow from investing activities	(109,319)	13,396
Cash flows from financing activities		
Proceeds from issue of shares (including share premium thereon)	2,872	4,014
Dividends paid to equity holders of the Company	(28,985)	(27,386)
Net cash outflow from financing activities	(26,113)	(23,372)
Net (decrease)/increase in cash and cash equivalents	(73,432)	118,066
Cash and cash equivalents at beginning of year	118,066	–
Cash and cash equivalents at end of year	44,634	118,066
Cash and cash equivalents is comprised of:		
Cash at bank and short-term deposits	44,634	118,066
	44,634	118,066

Notes forming part of the Company Financial Statements

35. Profit on Disposal

On 1 April 2016 the Group disposed of United Drug Supply Chain Services, United Drug Sangers, TCP Group and MASTA.

UDG Healthcare plc was the immediate parent of TCP Group and Pemberton Marketing International Limited (part of United Drug Supply Chain Services). The below table outlines the profit on disposal which was recognised in the Company's income statement during the prior year.

	2016 €'000
Cash consideration	32,873
Disposal of investment	(7,239)
Transaction and other related costs	(2,964)
Provision for taxation	(1,016)
Profit on disposal	21,654

See Note 8 for further details.

36. Property Plant and Equipment

	Computer equipment 2017 €'000	**Total 2017 €'000**
Cost		
At 1 October 2016	**1,839**	**1,839**
Transfer to subsidiary undertaking	**(1,839)**	**(1,839)**
At 30 September 2017	**–**	**–**
Depreciation		
At 1 October 2016	**755**	**755**
Transfer to subsidiary undertaking	**(755)**	**(755)**
At 30 September 2017	**–**	**–**
Carrying amount		
At 30 September 2017	**–**	**–**

	Computer equipment 2016 €'000	Total 2016 €'000
Cost		
At 1 October 2015	797	797
Additions in year	1,042	1,042
At 30 September 2016	1,839	1,839
Depreciation		
At 1 October 2015	382	382
Depreciation charge for the year	373	373
At 30 September 2016	755	755
Carrying amount		
At 30 September 2016	1,084	1,084

No borrowings were secured on the above assets.

37. Intangible Assets

	Computer software €'000
Cost	
At 1 October 2015	11,773
Additions	260
Eliminated on disposal	(1,293)
Transfer to assets held for sale	(2,156)
At 30 September 2016	8,584
Transfer to subsidiary undertaking	(8,584)
At 30 September 2017	**–**
Amortisation	
At 1 October 2015	2,712
Amortisation charge for the year	1,277
Eliminated on disposal	(1,293)
Impairment charge	718
Transfer to assets held for sale	(477)
At 30 September 2016	2,937
Transfer to subsidiary undertaking	(2,937)
At 30 September 2017	**–**
Carrying amount	
At 30 September 2017	**–**
At 30 September 2016	5,647

38. Investment in Subsidiary Undertakings

	2017 €'000	2016 €'000
Cost		
At beginning of year	**152,193**	101,122
Additions in year	**134,131**	77,286
Disposals in year	**–**	(26,902)
Impairment	**–**	(1,270)
Share options granted to employees of subsidiary undertakings	**3,269**	1,957
At end of year	**289,593**	152,193

The additions to investment in subsidiary undertakings during the year of €134,131,000, were comprised primarily of cash consideration.

In the prior year, the additions to investments in subsidiary undertakings of €77,286,000 was comprised of cash consideration of €18,179,000, €39,444,000 relating to the reversal of a previous write-down of investments and €19,663,000 relating to a share-for-share exchange. The company recorded an impairment charge of €1,270,000 relating to a subsidiary that was no longer trading. The disposals in the prior year related to the disposal of subsidiary undertakings of €7,239,000 and a share-for-share exchange of €19,663,000.

39. Deferred Income Tax Assets

	2017 €'000	2016 €'000
At beginning of year	**1,336**	1,044
Temporary differences – arising in income	**(982)**	(465)
Employee benefits – arising in other comprehensive income	**(354)**	757
At end of year	**–**	1,336

Notes forming part of the Company Financial Statements (continued)

40. Trade and Other Receivables

	2017 €'000	2016 €'000
Current		
Amounts due from subsidiary undertakings	**368,712**	362,081
Other receivables	**635**	1,425
Prepayments	**–**	1,132
	369,347	364,638

Amounts due from subsidiary undertakings are repayable on demand.

41. Capital and Reserves

	Other reserves €'000	Retained earnings €'000
At 30 September 2015	54,900	246,609
Profit for the financial year	–	93,559
Release from share-based payment reserve	(2,734)	2,734
Dividends paid to equity holders	–	(27,386)
Remeasurement loss on defined benefit pension scheme	–	(8,235)
Deferred tax on defined benefit pension scheme	–	757
Share-based payment expense	1,957	–
At 30 September 2016	54,123	308,038
Profit for the financial year	**–**	**76,437**
Release from share-based payment reserve	**(497)**	**497**
Dividends paid to equity holders	**–**	**(28,985)**
Remeasurement gain on defined benefit pension scheme	**–**	**9,542**
Deferred tax on defined benefit pension scheme	**–**	**(354)**
Share-based payment expense	**3,269**	**–**
At 30 September 2017	**56,895**	**365,175**

Other reserves represents a share-based payment reserve of €6,812,000 (2016: €4,040,000), a treasury shares reserve of (€5,742,000) (2016: (€5,742,000)), a goodwill reserve of (€93,000) (2016: (€93,000)), a non-distributable reserve of €55,668,000 (2016: €55,668,000) and a capital redemption reserve of €250,000 (2016: €250,000).

The Company's non-distributable reserve consists of €16,762,000 (2016: €16,762,000) transferred from the share premium account against which goodwill, arising from acquisitions in financial periods prior to 1 October 1999, is offset on consolidation and a transfer from the income statement of €38,906,000 (2016: €38,906,000), arising on the restructuring of Group activities.

Details of equity share capital are set out in Note 17.

42. Interest-bearing Loans and Borrowings

Details of how the Company manages risk exposures and accounts for financial instruments are set out in Note 30.

Foreign Currency Risk Management

The majority of trade conducted by the Company is in euro. Therefore, the level of transactional foreign exchange exposure is not material to the Company.

Funding and Liquidity

The following are the undiscounted contractual maturities of financial instruments, including interest payments and excluding the impact of netting arrangements:

30 September 2017	Carrying amount €'000	Contractual cash flow €'000	6 months or less €'000	6–12 months €'000	Between 1–2 years €'000	Between 2–5 years €'000
Trade and other payables	103,249	103,249	103,249	–	–	–
	103,249	103,249	103,249	–	–	–

30 September 2016	Carrying amount €'000	Contractual cash flow €'000	6 months or less €'000	6–12 months €'000	Between 1–2 years €'000	Between 2–5 years €'000
Trade and other payables	93,087	93,087	93,087	–	–	–
	93,087	93,087	93,087	–	–	–

43. Trade and Other Payables

	2017 €'000	2016 €'000
Current		
Amounts due to subsidiary undertakings	103,089	92,396
Accruals	160	691
	103,249	93,087

Amounts due to subsidiary undertakings are repayable on demand.

44. Employee Benefits

The aggregate employee costs recognised in the income statement are as follows:

	2017 €'000	2016 €'000
Wages and salaries	270	1,172
Social security contributions	14	107
Pension costs – defined contribution schemes	9	20
Pension costs – defined benefit schemes*	–	84
	293	1,383

* The defined benefit schemes' pension cost excludes settlement and curtailment gains totalling €2,465,000 (2016: €1,350,000).

The average number of employees, including executive directors, during the year was as follows:

	2017 Number	2016 Number
Administration	2	31
	2	31

(i) Defined Contribution Schemes

The Company makes contributions to a number of defined contribution schemes, the assets of which are vested in independent trustees for the benefit of members and their dependants.

(ii) Defined Benefit Schemes

The Company operated a number of defined benefit schemes during the year. During 2015, the Group announced that the pension accrual under the defined benefit schemes would cease on 31 December 2015. Each defined benefit scheme was independently funded and the assets were vested in the independent trustees for the benefit of members and their dependants. The valuations are not available for public inspection but the results are advised to members of the schemes. The most recent full actuarial valuations for the principal schemes were conducted as at 31 December 2014.

Notes forming part of the Company Financial Statements (continued)

44. Employee Benefits (continued)

(ii) Defined Benefit Schemes (continued)

Assumed medical costs were not a component of the pension obligations of any of the Company's pension obligations.

The valuation method used for Company defined benefit schemes was the projected credit unit method.

On 30 September 2017, the Company transferred the duties and obligations of the schemes to UDG Healthcare Ireland Limited by executing a deed of substitution.

The principal long-term financial assumptions used by the Company's actuaries in the computation of the defined benefit liabilities arising on pension schemes as at 30 September are as follows:

	2017	2016	2015
Increase in salaries	**n/a**	n/a	2.75%
Increase in pensions	**0–1.65%**	0–1.75%	0–1.75%
Inflation rate	**1.65%**	1.50%	1.75%
Discount rate	**2.05%**	1.25%	2.70%

The reduction in discount rates is reflective of changes in bond yields during the year.

The composition of actual Company scheme assets is detailed below.

The mortality assumptions of the schemes have been discussed in detail in Note 29.

The market value of the assets in the pension schemes at 30 September were:

	2017 €'000	2016 €'000
Equities		
– Developed markets	**–**	17,530
Bonds		
– Government	**–**	7,105
– Non-government	**–**	1,007
Property	**–**	903
Other	**–**	8,807
Fair value of scheme assets	**–**	35,352
Present value of scheme obligations	**–**	(53,667)
Employee benefits liability	**–**	(18,315)
Deferred income tax asset	**–**	980
Net liability	**–**	(17,335)

Movements in Fair Value of Plan Assets

	2017 €'000	2016 €'000
At beginning of year	**35,352**	14,305
Interest income on plan assets	**388**	663
Employer contributions	**3,816**	3,581
Employee contributions	**–**	10
Benefit payments	**(925)**	(695)
Return on plan assets excluding interest income	**1,871**	1,782
Settlements	**(11,457)**	(4,454)
Transfer of plan assets following disposal of subsidiary undertaking	**–**	20,160
Transfer of plan assets to subsidiary undertaking	**(29,045)**	–
At end of year	**–**	35,352

Movements in Present Value of Defined Benefit Obligations

	2017 €'000	2016 €'000
At beginning of year	**53,667**	21,071
Current service costs	**–**	84
Interest cost on scheme obligations	**577**	903
Revaluation (gain)/loss on experience variations	**(2,809)**	1,262
Employee contributions	**–**	10
Benefit payments	**(925)**	(695)
Effect of changes in actuarial assumptions	**(4,862)**	8,755
Curtailment gain	**–**	(328)
Settlements	**(13,925)**	(5,476)
Transfer of defined benefit obligations following disposal of subsidiary undertaking	**–**	28,081
Transfer of defined benefit obligations to subsidiary undertaking	**(31,723)**	–
At end of year	**–**	53,667

Reconciliation of the measurement gain to the plan assets and present value of the defined benefit obligation is as follows:

	2017 €'000	2016 €'000
Remeasurement gain on experience variations	**2,809**	(1,262)
Return on plan assets excluding interest cost	**1,871**	1,782
Effect of changes in actuarial assumptions		
– Changes in demographical assumptions	**–**	–
– Changes in financial assumptions	**4,862**	(8,755)
Total included in Company statement of comprehensive income	**9,542**	(8,235)

	2017 €'000	2016 €'000	2015 €'000	2014 €'000	2013 €'000
Fair value of scheme assets	**–**	35,352	14,305	14,649	11,577
Present value of scheme obligations	**–**	53,667	21,071	21,082	17,878

45. Related Party Transactions

The Company has related party relationships with its subsidiaries and with the directors of the Company. Details of the remuneration of the Company's individual directors, together with the number of shares in the Company owned by them and their outstanding share options, are set out in the Directors' Remuneration Report.

Transactions with Subsidiary Undertakings

	2017 €'000	2016 €'000
Charges to subsidiary undertakings with respect to information technology support and management services	**–**	587

Details of balances outstanding with subsidiary undertakings are provided in Note 40 and Note 43.

IAS 24 Related Party Disclosures requires the disclosure of compensation paid to the Company's key management personnel. The details on key management personnel are outlined in Note 33.

In 2015 the Company transferred a significant element of its business activities to a subsidiary, UDG Healthcare Ireland Limited. The key management personnel engaged in the business throughout the year were employed by UDG Healthcare Ireland Limited.

46. Contingent Liabilities

Guarantees have been given by the Company in respect of the borrowing facilities of certain subsidiary undertakings and clients.

Notes forming part of the Company Financial Statements (continued)

47. Principal Subsidiary Undertakings

The information in this note relates only to the Group's principal subsidiary undertakings at 30 September 2017. A full list of subsidiaries, joint ventures and associates will be annexed to the Annual Return of the Company to be filed with the Irish Registrar of Companies.

Incorporated In The Republic of Ireland

Name	Nature of business	Group share
Aquilant Analytical Sciences Limited*	Distribution of specialist analytical chemistry equipment	100%
Aquilant Medical (ROI) Limited	Distribution of medical and pharmaceutical equipment and consumables	100%
Aquilant Pharmaceuticals Limited	Distribution of medical and pharmaceutical equipment and consumables	100%
Aquilant Scientific (ROI) Limited*	Distribution of medical and scientific equipment and consumables	100%
Ashfield Healthcare (Ireland) Limited	Contract sales outsourcing	100%
UDG Healthcare Ayrtons (Dublin) Limited*	Investment holding company	100%
UDG Healthcare Finance Limited*	Financial services	100%
UDG Healthcare (US) Holdings Limited*	Investment holding company	100%
UDG Healthcare Distributors Limited*	Investment holding company	100%
UDG Healthcare Ireland Limited	Investment holding company	100%

All of the above companies have their registered office at 20 Riverwalk, Citywest Business Campus, Dublin 24, NR23 D24.

All shares held are ordinary shares.

* Subsidiary undertakings owned directly by UDG Healthcare plc.

Incorporated In The United Kingdom

Name	Nature of business	Group share
Aquilant Endoscopy Limited (1)	Distribution of medical equipment and consumables	100%
Aquilant Limited (1)	Supply and distribution of medical devices and surgical products	100%
Aquilant Northern Ireland Limited (2)	Distribution of medical equipment and consumables	100%
Ashfield Healthcare Limited (1)	Contract sales outsourcing	100%
Ashfield Insight & Performance Limited (1)	Sales force effectiveness training services provider	100%
Ashfield Meetings & Events Limited (1)	Event management services provider	100%
Galliard Healthcare Communications Limited (1)	Specialist healthcare and scientific public relations provider	100%
Ashfield Healthcare Communications Group Limited (1)	Healthcare communications and consultancy services provider	100%
Pegasus Public Relations Limited (1)	Healthcare communications provider	100%
Pharmexx (UK) Limited (1)	Contract sales outsourcing	100%
Sharp Clinical Services (UK) Limited (1)	Clinical trials services provider	100%
UDG Healthcare (UK) Holdings Limited (1)*	Investment holding company	100%
STEM Healthcare Limited (1)	Commercial, marketing and medical audit services provider	100%

(1) This company has its registered office at Ashfield House, Resolution Road, Ashby de la Zouch, Leicestershire, LE65 1HW.
(2) This company has its registered office at Maryland Industrial Estate, Ballygowan Road, Castlereagh, Belfast, BT23 6BL.

* Subsidiary undertakings owned directly by UDG Healthcare plc.

Incorporated In Continental Europe

Name	Nature of business	Group share
Aquilant Nederland B.V. (3)	Distribution of medical equipment and consumables	100%
Ashfield Healthcare GmbH (4)	Contract sales outsourcing	100%
Ashfield Healthcare GmbH (5)	Contract sales outsourcing	100%
Ashfield Iberia SLU (6)	Contract sales outsourcing	100%
Ashfield Nordic AB (7)	Pharmaceutical sales and marketing company	100%
Ashfield S.A (8)	Contract sales outsourcing	100%
Ashfield Saglik Hizmetleei Ticaret Limited Sirketi (9)	Pharmaceutical sales and marketing company	100%
Enestia Belgium N.V. (10)*	Packaging solutions provider	100%
European Packaging Centre B.V. (3)	Contract packaging company	100%
Ashfield Iberia Lda (11)	Contract sales outsourcing	100%
UDG Healthcare Holdings B.V. (3)	Investment holding company	100%
Sellxpert GmbH & Co KG (12)	Contract sales outsourcing	100%
Selldirekt GmbH (12)	Contract sales outsourcing	100%

(3) This company has its registered office at Neptunus, 8448 CN Heerenveen, the Netherlands.
(4) This company has its registered office at Euro Plaza, Gebaude F, Technologiestrabe 5, 4. OG, 1120 Vienna, Austria.
(5) This company has its registered office at Goldbeckstrasse 5, 69493 Hirschberg, Germany.
(6) This company has its registered office at Calle Collado Mediano, s/n Edificio Prisma, Portal 2, 3a planta 28230 Las Rozas (Madrid) Spain.
(7) This company has its registered office at Luntmakargatan 66, 5van, 11351 Stockholm, Sweden.
(8) This company has its registered office at Avenue Pastuer 2, 1300 Wavre, Belgium.
(9) This company has its registered office at Büyükdere Caddesi Yapı Kredi Plaza B Blok K:12/D:29 34330 Levent/İstanbul.
(10) This company has its registered office at Klocknerslyaat 1, 3930 Hamont-Achel, Belgium.
(11) This company has its registered office at Avenida Dom João Ii, Nº 44c – 2.3 Edificio Atlantis, Parque Das Naçoes, 1990–095 Lisboa, Portugal.
(12) This company has its registered office at Gutenbergstr. 4, Speyer, 67346 Germany.

* Subsidiary undertakings owned directly by UDG Healthcare plc.

Incorporated In North America

Name	Nature of business	Group share
Ashfield Healthcare LLC (13)	Pharmaceutical sales and marketing company	100%
Ashfield Healthcare Canada Inc (14)	Marketing, communications and sample and promotional material management services provider	100%
Ashfield Healthcare Communications LLC (17)	Healthcare communications and consultancy services provider	100%
Ashfield Meetings & Events Inc. (13)	Event management services provider	100%
Ashfield Pharmacovigilance, Inc. (15)	Safety and risk management services provider	100%
Informed Direct, Inc. (16)	Healthcare communications and consultancy services provider	100%
Sharp Clinical Services, Inc. (18)	Clinical trials services provider	100%
Sharp Corporation (19)	Contract packaging company	100%
Ashfield Market Access, LLC (15)	Market access services provider	100%
Sharp (Bethlehem), LLC (21)	Contract packaging company	100%
Vynamic LLC (22)	Management consulting	100%
Cambridge BioMarketing Group, LLC (23)	Healthcare communications business	100%
MicroMass Communications, Inc. (20)	Healthcare communications business	100%
UDG US Healthcare Holdings, Inc. (18)	Investment holding company	100%
STEM Healthcare US, Inc. (24)	Internal audit services provider	100%

(13) This company has its registered office at 1100 Virginia Drive, Suite 200, Ft. Washington, Pennsylvania 19034.
(14) This company has its registered office at 263 Labrosse Avenue, Pointe-Claire, Quebec H9R 1A3.
(15) This company has its registered office at 5003 South Miami Blvd, Suite 500, Durham, North Carolina 27703.
(16) This company has its registered office at 7 Island Dock Road, Suite A, Haddam, Connecticut 06438.
(17) This company has its registered office at 125 Chubb Avenue, Lyndhurst, New Jersey 07071.
(18) This company has its registered office at Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801.
(19) This company has its registered office at 7451 Keebler Way, Allentown, Pennsylvania 18106.
(20) This company has its registered office at 270 Cornerstone Drive, Suite 103, Cary, North Carolina 27519.
(21) This company has its registered office at 2711 Centerville Road, Suite 400, Wilmington, Delaware 19808.
(22) This company has its registered office at 1600 Arch St, Philadelphia, PA 19103.
(23) This company has its registered office at 245 First Street, 12th Floor, Cambridge, MA 02142.
(24) This company has its registered office at 2555 Kingston Road, Suite 235, York, Pennsylvania 17402.

Notes forming part of the Company Financial Statements (continued)

48. Auditor Remuneration
The auditor's remuneration for the audit of the Company is detailed in Note 5.

49. Section 357 Guarantees
Pursuant to the provisions of Section 357, Companies Act 2014, the Company has guaranteed the liabilities of the following subsidiaries for the financial year ended 30 September 2017: Aquilant Analytical Sciences Limited, Aquilant Limited, Aquilant Medical (ROI) Limited, Aquilant Pharmaceuticals Limited, Aquilant Scientific (ROI) Limited, Ashfield Alliance Limited, Ashfield Healthcare (Ireland) Limited, Dublin Drug (Investments) Limited, Dublin Drug Company Limited, Dublin Drug Public Limited Company, Dugdale Trading Limited, Marker (U.D.) Ireland Limited, Pharmexx Ireland (Sales Solutions) Limited, UDG Healthcare Ireland Limited, United Care Limited, UDG Healthcare (US) Holdings Limited, UDG Healthcare Ayrtons (Dublin) Limited, UDG Healthcare Distributors Limited, UDG Healthcare Finance Limited, UDG Healthcare Nordic Limited, UDG Healthcare Packaging Group Limited and UDG Healthcare Property Holdings Limited.

50. Approval of Financial Statements
The Group and Company Financial Statements were approved by the directors on 4 December 2017.

Financial Calendar

UDG Healthcare plc is an Irish registered company. The Company's ordinary shares are quoted on the London Stock Exchange.

Ex-dividend date for 2017 final dividend	11 January 2018
Record date for 2017 final dividend	12 January 2018
Annual General Meeting	30 January 2018
Payment date for 2017 final dividend	5 February 2018
Interim Announcement of Results for 2018	22 May 2018
Financial year end	30 September 2018
Preliminary Announcement of Results for 2018	27 November 2018

Additional Information

Key Performance Indicators and Non-IFRS Performance Measures

The Group reports certain financial measurements 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 measurements provides useful supplemental information which, when viewed in conjunction with IFRS financial information, provides stakeholders with a more meaningful understanding of the underlying financial and operating performance of the Group and its divisions. These measurements 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 measurements should be considered as an alternative to financial measurements derived in accordance with IFRS. The non-IFRS measurements 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 measurements used by the Group, together with reconciliations where the non-IFRS measurements 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		**2017 $'000**	2016 $'000
Revenue (continuing)	Income Statement	**1,219,755**	1,083,439
Pass-through revenue		**(191,269)**	(163,490)
Net revenue (continuing)		**1,028,486**	919,949

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 (if any).

Calculation		**2017 $'000**	2016 $'000
Operating profit (continuing)	Income Statement	**103,186**	97,580
Transaction costs (continuing)	Income Statement	**4,028**	2,214
Amortisation of acquired intangible assets (continuing)	Note 4	**22,066**	15,977
Adjusted operating profit (continuing)		**129,280**	115,771

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 (if any).

Calculation		**2017 $'000**	2016 $'000
Profit before tax (continuing)	Income Statement	**92,834**	83,542
Transaction costs (continuing)	Income Statement	**4,028**	2,214
Amortisation of acquired intangible assets (continuing)	Note 4	**22,066**	15,977
Adjusted profit before tax (continuing)		**118,928**	101,733

Adjusted Operating Margin (Continuing)

Definition

Measures the adjusted operating profit as a percentage of revenue.

Calculation		**2017 $'000**	2016 $'000
Adjusted operating profit (continuing)	Per above	**129,280**	115,771
Revenue (continuing)	Income Statement	**1,219,755**	1,083,439
Adjusted operating margin (continuing)		**10.6%**	10.7%

Adjusted Net Operating Margin (Continuing)

Definition

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

Calculation		2017 $'000	2016 $'000
Adjusted operating profit (continuing)	Per above	**129,280**	115,771
Net revenue (continuing)	Per above	**1,028,486**	919,949
Net operating margin (continuing)		**12.6%**	12.6%

Adjusted Diluted 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 (if any).

Calculation		2017	2016
Adjusted earnings per share (continuing) – $ cent	Note 10	**37.12**	31.79
Adjusted earnings per share (discontinued) – $ cent	Note 10	**–**	7.47
Adjusted earnings per share		**37.12**	39.26

Annualised EBITDA

Definition

Annualised EBITDA is continuing and discontinued earnings before net interest, tax, depreciation, amortisation of intangible assets, exceptional items for the previous twelve months adjusted for the share of joint venture profits, dividends received from joint ventures, profit/(loss) on disposal of property, plant and equipment, impairment of intangible assets, the annualisation of the EBITDA of companies acquired during the year and the EBITDA of completed disposals.

Calculation		2017 $'000	2016 $'000
Operating profit (continuing)	Income Statement	**103,186**	97,580
Operating profit (discontinued)	Note 8	**–**	19,338
Depreciation (continuing)	Note 4	**21,221**	20,032
Amortisation of computer software (continuing)	Note 4	**3,384**	2,236
Amortisation of acquired intangible assets (continuing)	Note 4	**22,066**	15,977
Joint ventures profit share (continuing)	Income Statement	**(667)**	(798)
Joint ventures profit share (discontinued)	Note 8	**–**	(1,659)
Loss on disposal of property, plant and equipment	Cash Flow Statement	**55**	59
EBITDA of completed disposals	Note 8	**–**	(17,679)
Annualised EBITDA of acquisitions*		**14,827**	1,735
Annualised EBITDA		**164,072**	136,821

* This includes EBITDA for acquisitions which were not part of the Group for the full financial year.

Financial Ratios

Definition

The net (debt)/cash to EBITDA and EBITDA interest cover ratios disclosed are calculated using annualised EBITDA and adjusted net finance expense (net finance expense excluding interest on pension scheme obligations and the unwinding of discount on provisions, see Note 6). Net (debt)/cash represents the net total of current and non-current borrowings, current and non-current derivative financial instruments and cash and cash equivalents as presented in the Group Balance Sheet and as calculated in Note 30.

Additional Information (continued)

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 year excluding net debt/(cash) adjusted for cumulative historical amortisation of acquired intangible assets and restructuring charges.

Calculation		2017 $'000	2016 $'000
Net assets	Balance Sheet	880,656	806,876
Net debt/(cash)	Per above	53,266	(143,163)
Assets before net debt/(cash)		933,922	663,713
Historical intangible amortisation		176,997	146,467
Historical restructuring costs		47,494	45,144
Total capital employed		1,158,413	855,324
Average total capital employed		1,006,869	849,580
Adjusted operating profit (continuing)	Per above	129,280	115,771
Return on capital employed		12.8%	13.6%

Effective Tax Rate (Continuing)

Definition

The Group continuing effective tax rate expresses the income tax expense adjusted for the 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		2017 $'000	2016 $'000
Tax charge (continuing)	Income Statement	20,976	15,428
Tax relief with respect to transaction costs (continuing)		370	91
Deferred tax credit with respect to intangible amortisation (continuing)		5,070	7,564
Income tax expense before exceptional, transaction costs and deferred tax attaching to amortisation of intangible assets		26,416	23,083
Adjusted profit before tax (continuing)	Per above	118,928	101,733
Effective tax rate (continuing)		22.2%	22.7%

Measurements Removed from the Additional Information

Measurements removed from the additional information section shown elsewhere in the financial statements are as follows:

- Adjusted operating profit (discontinued) – this measurement is shown in Note 8
- Net interest – this measurement is shown in Note 6
- EBITDA Interest cover – this measurement is shown in Note 30
- Net (debt)/cash – this measurement is shown in Note 30
- Net (debt)/cash to EBITDA – this measurement is shown in Note 30

A number of measurements have been removed from the additional information section. The Group believes these are not necessary to provide stakeholders with a more meaningful understanding of the underlying financial operating performance of the Group and its divisions as other performance measures are deemed more appropriate. Measurements removed are as follows:

- Adjusted profit before tax (discontinued)
- EBITDA (continuing)
- EBITDA (discontinued)
- Working capital (continuing)

Glossary

AGM	Annual General Meeting
BCG	Boston Consulting Group
CDP	Carbon Disclosure Project
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CGU	Cash Generating Unit
CIPD	Chartered Institute of Personnel and Development
CMIC	Current Medical Information Centre
COO	Chief Operating Officer
CO_2	Carbon Dioxide
CODM	Chief Operating Decision Maker
CRM	Customer Relationship Management
CMO	Chief Marketing Officer
The Code	UK Corporate Governance Code 2014 issued by the UK Financial Reporting Council
CSR	Corporate Social Responsibility
DEA	Drug Enforcement Administration
EBIT	Earnings Before Interest and Tax
EBITA	Earnings Before Interest, Taxes and Amortisation
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
EDI	Electronic Data Interchange
EfW	Energy-from-Waste
EHS	Environmental Health and Safety
ERM	Enterprise Risk Management
EPS	Earnings per Share
ESOP	Executive Share Option Plan
ESOS	Executive Share Option Scheme
EU	European Union
EVP	Executive Vice President
EY	Ernst & Young Chartered Accountants and Statutory Audit Firm
FDA	Food and Drug Administration
FTSE 100 Index	Capitalisation – weighted index consisting of the 100 largest companies listed on the London Stock Exchange with the highest market capitalisation
FTSE 250 Index	Capitalisation – weighted index consisting of the 101st to the 350th largest companies on the London Stock Exchange
FY2016	Financial Year 2016
FY2017	Financial Year 2017
GAAP	Generally Accepted Accounting Principles
GDPR	General Data Protection Regulation
GS1	Global Standards 1
HR	Human Resources
HIPAA	Health Insurance Portability and Accountability Act
IAASA	Irish Auditing and Accounting Supervisory Authority
IAS	International Accounting Standard
IASB	International Accounting Standards Board
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards
Inc.	Incorporated
IRT	Interactive Response Technology
IT	Information Technology
ISAs	International Standards on Auditing
ISEQ	Irish Stock Exchange Quotient
KPI	Key Performance Indicator
LTA	Lost Time Accidents
LTIP	Long Term Incentive Plan
MAH	Marketing Authorisation Holder
M&A	Mergers and Acquisitions
NETS	Network of Employers for Traffic Safety
NHS	National Health Service
NHTSA	National Highway Traffic Safety Administration
N/A	Not Applicable
NI	Northern Ireland
PA	Pennsylvania
PAYE	Pay As You Earn
PBCIT	Profit Before Central costs, Interest and Tax
PBIT	Profit Before Interest and Tax
PBT	Profit Before Tax
PEPPOL	Pan European Public Procurement On-Line
PLC	Public Limited Company
RF	Radio Frequency
RIF	Risk, Investment and Financing Committee
ROCE	Return on Capital Employed
ROI	Republic of Ireland
RoSPA	Royal Society for the Prevention of Accidents
QMS	Quality Management System
SID	Senior Independent non-executive Director
SOP	Standard Operating Procedure
SVP	Senior Vice President
TCP	Temperature Controlled Pharmaceuticals
TSR	Total Shareholder Return
UK	United Kingdom
US	United States
VAT	Value Added Tax

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