UDG Healthcare plc
Interim Report 2019

21 May 2019: UDG Healthcare plc ("UDG Healthcare" or "Group"), a leading international healthcare services provider, announces its results for the six months to 31 March 2019, in which the Group delivered a solid first half performance, with full year guidance increased to reflect latest acquisitions.

Results highlights (on an IAS 18 basis[2])

- Adjusted diluted earnings per share (EPS) increased by 5% (7% on a constant currency basis).
- Net underlying* revenue growth of 6%. Total net revenue declined 4% (1% on constant currency basis).
- Adjusted underlying* operating profit growth of 3%. Total adjusted operating profit increased by 1% (3% on a constant currency basis), reflecting continued growth in Ashfield and Sharp, offset by the divestment of Aquilant in August 2018.
  - Ashfield's operating profit increased by 3% (6% on a constant currency basis) driven by the benefit of acquisitions completed in FY18.
  - Sharp's operating profit increased by 12% (12% on a constant currency basis) driven by the continued strong performance of Sharp US.
- Adjusted net operating margin increased from 11.8% to 12.5%.
- Strong cash flow performance with a positive working capital inflow.
- Net debt to EBITDA of 0.33x with $56.8 million net debt at 31 March 2019.
- In May 2019, completed the acquisitions of Putnam Associates ("Putnam"), a US-based strategic management healthcare consultancy, and Incisive Health, a UK-based healthcare policy and communications consultancy, for a combined consideration of up to $106 million (including contingent consideration of up to $36 million).
- Interim dividend per share increased 5% to 4.46 $ cent per share.
- Reflecting the acquisitions, full year guidance increased to adjusted EPS growth on a constant currency basis of between 5% and 7%.

**underlying growth adjusts for the impact of currency translation movements and any acquisition or disposal activity, including Aquilant*

Financial Results – six months to 31 March 2019

IFRS based	**31 March 2019 $'m**	31 March 2018 $'m	Increase/ (decrease) %
Revenue	**656.6**	675.3	(3)
Operating profit	**34.1**	2.4	n/m
Profit before tax	**30.3**	1.7	n/m
Diluted earnings per share ("EPS") (cent)	**9.27**	0.44	n/m
Dividend per share (cent)	**4.46**	4.25	5

	31 March 2019	31 March 2018	30 September 2018
Net debt ($'m)	**56.8**	46.6	60.8
Net debt/annualised EBITDA (times)	**0.33**	0.28	0.34

Alternative performance measures[1] (IAS 18)	**31 March 2019 $'m**	31 March 2018 $'m	Increase/ (decrease) %	Constant currency increase/ (decrease) %
Revenue	**658.8**	675.3	(2)	-
Net Revenue	**548.3**	568.7	(4)	(1)
Adjusted operating profit	**68.3**	67.4	1	3
Adjusted profit before tax	**64.5**	63.2	2	4
Adjusted diluted earnings per share ("EPS") (cent)	**21.21**	20.19	5	7

Chief Executive's comment

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

"UDG Healthcare delivered good EPS growth during the first half of FY19. Today, we have also announced the acquisitions of two businesses, Putnam, a US-based strategic management healthcare consultancy, and Incisive Health, a UK-based healthcare policy and communications consultancy. Both businesses are aligned with our strategy to expand into higher growth and higher margin areas, complementary to our existing service offering. Reflecting the benefit of these acquisitions and continued trading performance in line with expectations, we have increased our full year guidance to adjusted EPS growth on a constant currency basis to between 5% and 7%."

Group development and outlook

Corporate Development

In May 2019, we completed the acquisitions of Putnam, a US-based strategic management healthcare consultancy, and Incisive Health, a UK-based healthcare policy and communications consultancy, for a combined consideration of up to $106 million (including contingent consideration of up to $36 million).

Based in the US, Putnam is a specialist consultancy focused on product commercialisation strategy, exclusively for the life sciences industry. Founded in 1988, Putnam has grown to become a respected advisory brand for biopharmaceutical companies, and attracts top class talent from several of the leading US universities. With 120 employees across offices in Boston and San Francisco, Putnam primarily offers consultancy services across the product life cycle with particular strengths in product commercialisation, pricing, reimbursement and market access strategy. Over the past 10 years, Putnam has advised on the commercialisation of several products that have achieved blockbuster sales status in the US.

Putnam is being acquired for a total consideration of up to $88.6 million to be satisfied in cash, with $60 million paid upfront, in addition to an earn-out of up to $20.1 million over three years, and a further five year earn-out of up to an additional $8.5 million. For the year ending 31 December 2018, Putnam had gross assets of $20.5 million, with an adjusted operating profit of approximately $8 million.

Incisive Health is a UK-based healthcare communications consultancy, which specialises in healthcare policy, public affairs and communication services. Across its head office in London and an office in Brussels, the consultancy employs 36 people and provides a suite of consultancy and communications services including clinical advocacy, corporate and digital communications, direct payer engagement, public affairs, stakeholder campaigning, strategic and policy development and training programmes. Incisive Health has a diversified client base of predominately pharmaceutical and biotech companies.

Incisive Health is being acquired for a total consideration of up to £13.6 million ($17.7 million). This includes initial consideration of £8 million ($10.4 million), with an earn-out of up to £5.6 million ($7.3 million) payable over the next three years, based on the achievement of agreed profit targets.

The Group's net debt was $56.8 million (0.33x net debt to EBITDA) at 31 March 2019, leaving it well placed to fund the continued inorganic development of its two global growth platforms, Ashfield and Sharp.

Exceptional Item

During the first half, the Group incurred an exceptional charge of $15.2 million pre-tax related to two legal matters. As disclosed in the Group's 2018 Annual Report, the Group received a claim from McKesson arising from its purchase of United Drug from the Group in 2016. A full and final settlement of this claim (without admission by any party) was concluded in April 2019, resulting in an exceptional charge (including legal costs incurred) of $14.4 million. This compares to the total consideration of $464 million received from the original transaction. Additionally, a charge of $0.8 million relating to legal costs was incurred in defending an Ashfield trademark. For further information on these items, please refer to page 20.

Outlook

Reflecting the acquisitions and continued trading performance in line with expectations, the Group has increased its full year guidance for constant currency adjusted diluted earnings per share (EPS) growth, under IAS 18, for the year to 30 September 2019 to between 5% and 7%. The Group expects to continue its 30+ year history of dividend growth in FY19. The Board has declared an interim dividend of 4.46 $ cent per share, a 5% increase on the 2018 interim dividend.

Preliminary Results

The Group will issue preliminary results for the year to 30 September 2019 on Tuesday, 26 November 2019.

Notes:

[1]Alternative performance measures ("APMs) are 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. APMs are presented to provide readers with additional financial information that is regularly reviewed by management. 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. APMs are presented on an IAS 18 basis to enable like-to-like analysis with the comparative period. APMs should not be considered in isolation or as a substitute for an analysis of results as reported under IFRS. See "Additional Information" on page 33 for definitions and reconciliations to the closest respective equivalent GAAP measure.

[2]IFRS 15 was adopted on 1 October 2018 for our statutory reporting, without restating prior year figures. As a result, the discussion of our operating results is primarily on an IAS 18 basis for all periods presented. The impact of IFRS 15 which is outlined in Note 18 of the interim financial statements was not significant for the Group.

Review of Operations
for the six months to 31 March 2019

Ashfield

Six months to 31 March	IFRS15 2019 $'m	IAS18 2019 $'m	IAS18 2018 $'m	*IAS18 Actual Growth*	*IAS18 Underlying Growth*[2]
Revenue					
Communications & Advisory	**174.6**	**174.6**	153.4	*14%*	*8%*
Commercial & Clinical	**316.4**	**315.4**	325.5	*(3%)*	-
Total	**491.0**	**490.0**	478.9	*2%*	*2%*
Net revenue[1]					
Communications & Advisory	**154.5**	**154.5**	136.7	*13%*	*6%*
Commercial & Clinical	**226.1**	**225.0**	235.6	*(5%)*	*(1%)*
Total	**380.6**	**379.5**	372.3	*2%*	*1%*
Adjusted operating profit[3]					
Communications & Advisory	**30.0**	**30.1**	28.3	*6%*	*(1%)*
Commercial & Clinical	**17.4**	**17.1**	17.3	*(1%)*	*1%*
Total	**47.4**	**47.2**	45.6	*3%*	-
Adjusted operating margin[3]					
Operating margin (on revenue)	**9.7%**	**9.6%**	9.5%		
Net operating margin (on net revenue)	**12.5%**	**12.4%**	12.3%		

[1] *Net revenue represents reported revenue adjusted for revenue associated with pass-through costs, for which the Group does not earn a margin. There are no pass-through revenues in Sharp.*
[2] *Underlying growth adjusts for the impact of currency translation movements and any acquisition or disposal activity.*
[3] *Adjusted operating profit is operating profit before amortisation of acquired intangible assets, transaction costs and exceptional items.*

All commentary is on an IAS 18 basis

Ashfield continues to broaden and enhance its Communications & Advisory service offering, which now accounts for approximately 64% of Ashfield's operating profit[3]. The acquisitions of Putnam and Incisive Health further strengthen and expand Ashfield's capabilities in this higher growth and higher margin business.

Ashfield generated net revenue of $379.5 million and operating profit of $47.2 million, 2% and 3% respectively ahead of the same period last year. Adjusting for the impact of currency translation movements and the contribution from acquisitions, underlying net revenue growth was 1% and underlying operating profit was flat. Net operating margin increased from 12.3% to 12.4%.

Ashfield Communications & Advisory performed well during the period. Net revenue increased by 13% and operating profit increased by 6%, including the benefit of acquisitions. Underlying net revenue growth was 6%, however, underlying operating profit was marginally down including the impact of STEM aXcellerate investments of $2.3 million.

Ashfield Commercial & Clinical recorded broadly flat underlying net revenue and operating profit compared to the prior year. This reflected continued good momentum in the US, offset by weakness in Europe.

The outlook for Ashfield over the medium term remains positive, as the business continues to diversify its service offering and expand its global market positions by adding complementary capabilities to meet the evolving needs of its client base.

Sharp

Six months to 31 March	IFRS15 2019 $'m	IAS18 2019 $'m	IAS18 2018 $'m	*IAS18 Actual Growth*	*IAS18 Underlying Growth[1]*
Revenue					
US	**142.1**	**145.1**	118.6	*22%*	*22%*
Europe	**23.5**	**23.7**	23.9	*(1%)*	*5%*
Total	**165.6**	**168.8**	142.5	*18%*	*20%*
Adjusted operating profit[2]					
US	**19.5**	**22.7**	18.4	*23%*	*23%*
Europe	**(1.3)**	**(1.6)**	0.5	-	-
Total	**18.2**	**21.1**	18.9	*12%*	*12%*
Adjusted operating margin %[2]	**11.0%**	**12.5%**	13.3%		

[1] *Underlying growth adjusts for the impact of currency translation movements and any acquisition or disposal activity.*

[2] *Adjusted operating profit is operating profit before amortisation of acquired intangible assets, transaction costs and exceptional items.*

All commentary is on an IAS 18 basis

Sharp generated revenue of $168.8 million and operating profit[2] of $21.1 million, 18% and 12% ahead of the same period last year respectively.

Sharp US's revenue and operating profit was 22% and 23% respectively ahead of the same period last year. This has been driven by continued growth in demand for the packaging of biotech injectable products, as the market seeks quality packaging services to support the requirements of more complex drugs. Demand for traditional packaging has also remained strong. While Sharp Europe's underlying revenue growth improved, the business generated an operating loss of $1.6 million.

Based on the current activity levels and the pipeline of new business, Sharp continues to be well positioned to deliver underlying operating profit growth in line with the Group's medium-term expectations of double-digit growth in FY19 and beyond.

Analyst presentation
A presentation for investors and analysts will be held at the London Stock Exchange at 8.30am BST today, Tuesday, 21 May 2019. If you wish to attend, please contact Powerscourt. Alternatively, to dial into the conference call or webcast, the details are as follows:

Audio webcast

https://edge.media-server.com/m6/p/oszdxsto

Conference call

UK number: +44 (0) 20 7192 8000
Ireland number: +353 (0) 1 431 9615
US number: +1 631 510 7495
Participant Code: 2746549

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

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

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About UDG Healthcare plc
UDG Healthcare plc (LON: UDG) is a leading international partner of choice delivering advisory, communication, commercial, clinical and packaging services to the healthcare industry, employing 9,000 people with operations in 26 countries and delivering services in over 50 countries.

UDG Healthcare plc operates across two divisions: Ashfield and Sharp.

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 commercial packaging and clinical trial packaging services for the pharmaceutical and biotechnology industries, operating from state-of-the-art facilities in the US and Europe.

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

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

Forward-looking information
Some statements in this announcement may be forward-looking statements. They represent expectations for the Group's business, including statements that relate to the Group's future prospects, developments and strategies, and involve risks and uncertainties both general and specific. The Group has based these forward-looking statements on assumptions regarding present and future strategies of the Group and the environment in which it anticipates operating in the future. However, because such statements involve known and unknown risks, uncertainties and other factors including but not limited to general economic, political, financial and business factors, which in some cases are beyond the Group's control, you should note that actual results, performance, operations or achievements expressed or implied by such forward-looking statements may differ materially from those expressed or implied by such statements and accordingly you should not rely on such forward-looking statements in making investment decisions. Except as required by applicable law or regulation, neither the Group nor any other party intends to update or revise any such forward-looking statements after the date these statements are published, whether as a result of new information, the passage of time, any future events, or otherwise.
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Finance Review
for the six months to 31 March 2019

IFRS based	31 March 2019 $'m	31 March 2018 $'m	Increase/ (decrease) %
Revenue	**656.6**	675.3	(3)
Operating profit	**34.1**	2.4	n/m
Profit before tax	**30.3**	1.7	n/m
Diluted earnings per share ("EPS") (cent)	**9.27**	0.44	n/m
Dividend per share (cent)	**4.46**	4.25	5

Alternative performance measures[1] (IAS 18)

	31 March 2019 IFRS 15 $'m	31 March 2019 IAS 18 $'m	31 March 2018 IAS 18 $'m	Increase/ (decrease) IAS 18 %	Constant currency increase/ (decrease) IAS 18 %
Revenue	**656.6**	**658.8**	675.3	(2)	-
Net Revenue	**546.2**	**548.3**	568.7	(4)	(1)
Adjusted operating profit	**65.6**	**68.3**	67.4	1	3
Adjusted profit before tax	**61.8**	**64.5**	63.2	2	4
Adjusted diluted earnings per share ("EPS") (cent)	**20.32**	**21.21**	20.19	5	7

Following the adoption of IFRS 15 "Revenue from Contracts with Customers" on 1 October 2018, the Group's statutory results for the six months ended 31 March 2019 are presented on an IFRS 15 basis, whereas the Group's statutory results for the comparative period ended 31 March 2018 are presented on an IAS 18 basis as previously reported. Comparisons between the two bases of reporting are not considered meaningful. Consequently, the review of the performance of the Group and review of operations is primarily on an IAS 18 basis for all periods presented. Note 18 to the interim financial information outlines the transition impact for the Group and discloses the financial statement line items impacted on an IAS 18 basis for the period ended 31 March 2019.

Revenue
Revenue of $656.6 million for the period is 3% behind 2018 (in line with 2018 on a constant currency basis).

Under IAS 18, revenue is 2% behind 2018 (in line with 2018 on a constant currency basis) with a 2% increase in Ashfield revenue and an 18% increase in Sharp revenue. Group underlying net revenue increased by 6%, excluding the impact of foreign exchange, acquisitions, disposals and IFRS 15 adjustments.

Adjusted operating profit
Adjusted operating profit of $65.6 million is 3% behind 2018 (1% on a constant currency basis).

Under IAS 18, adjusted operating profit has increased 1% (3% on a constant currency basis).

Adjusted net operating margin
The adjusted net operating margin for the businesses for the period is 12.0%.

Under IAS 18, this is 12.5%, an increase on the 11.8% margin reported in 2018.

Adjusted profit before tax
Net interest costs, pre-exceptional items, for the period of $3.8 million are 10% lower than 2018, due to interest income on US cash deposits. This delivered an adjusted profit before tax of $61.8 million.

Under IAS 18, the adjusted profit before tax is $64.5 million, which is 2% ahead of 2018 (4% on a constant currency basis).

Taxation
The effective taxation rate has decreased from 20.1% in 2018 to 17.8% in 2019, due to a full period impact of the US Tax Cuts and Jobs Act enacted on 1 January 2018.

Adjusted diluted earnings per share
Adjusted diluted earnings per share (EPS) is 1% ahead (2% on a constant currency basis) of 2018 at 20.32 $ cent.

Under IAS 18, adjusted diluted earnings per share (EPS) is 5% ahead (7% on a constant currency basis) of 2018 at 21.21 $ cent.

[1] See "Additional Information" on page 33 for more information and reconciliations to the closest respective equivalent GAAP measures.

Exceptional items
The Group incurred an exceptional charge of $15.2 million before tax in the period.

In 2018, the Group received notification of a potential claim from McKesson arising from its purchase of United Drug from the Group in 2016. The potential claim was settled in April 2019 (without admission by any party) and a provision of $14.4 million has been recognised. The Group also incurred trademark litigation costs during the period to the amount of $0.8 million.

Foreign exchange
The Group operates in 26 countries, with its primary foreign exchange exposure being the translation of local income statements and balance sheets into US dollar for Group reporting purposes. The retranslation of overseas profits to US dollar has decreased IAS18 constant currency EPS growth of 7% to a reported EPS growth rate of 5%, which is primarily due to the strengthening of the US dollar against sterling and euro in the first six months of 2019 versus the same period in 2018.

The average H1 2019 exchange rates were $1: £0.7725 and $1: €0.8783 (2017: $1: £0.7357 and $1: €0.8310).

Cash flow
The table displayed below includes information for the periods ended 31 March 2019 and 2018.

	2019 **$'000**	2018 $'000
Net cash inflow from operating activities	**63,538**	65,367
Net cash outflow from investing activities	**(43,739)**	(26,444)
Net cash outflow from financing activities	**(28,248)**	(23,096)
Net change in cash and cash equivalents	**(8,449)**	15,827
Effect of exchange rate changes on cash and cash equivalents	**(2,435)**	5,540
Cash and cash equivalents at beginning of period	**180,099**	187,469
Cash and cash equivalents end of period	**169,215**	208,836

Net cash inflow from operating activities
The net cash inflow from operating activities was $63.5 million (2018: $65.4 million).

	2019 **$'000**	2018 $'000
Adjusted EBITDA	**83,284**	84,150
Interest paid	**(4,158)**	(4,506)
Income taxes paid	**(9,595)**	(7,314)
Working capital decrease/(increase)	**2,075**	(17,628)
Other cash (outflows)/inflows	**(8,068)**	10,665
Net cash inflow from operating activities	**63,538**	65,367

Working capital decreased by $2.1 million (2018: $17.6 million increase). The decrease in working capital is principally due to the reversal of the temporary cash flow delays and timing of supplier payments arising from the implementation of *Oracle* under the Future Fit programme in 2018. Other cash outflows of $8.1 million relates to transaction costs paid of $0.7 million and exceptional items outflow of $7.4 million (2018 cash flows of $10.7 million relate to transaction costs paid of $2.8 million and exceptional items inflow of $13.5 million).

Net cash outflow from investing activities
Net cash outflow from investing activities is $43.7 million, compared to $26.4 million in 2018. This increase is principally due to deferred consideration outflows on acquisitions of $23.7 million. During the period, $17.7 million was invested in property, plant and equipment. This included investment in Sharp's facilities, in particular the investments in Sharp Clinical's sites in the US and UK, and its commercial packaging facility in the Netherlands. Computer software outflows of $4.3 million included investments in Future Fit.

Net cash outflow from financing activities
Net cash outflow from financing activities increased by $5.2 million to $28.2 million in the period, principally due to payment of the 2018 final dividend.

Balance sheet
Net debt at the end of the period is $56.8 million ($169.2 million cash and $226.0 million debt). The net debt to annualised EBITDA ratio is 0.33 times debt (2018: 0.28 times, IAS18) and net interest is covered 24.1 times (2018: 20.2 times, IAS18) by annualised EBITDA. Financial covenants in our principal debt facilities are based on net debt to EBITDA being less than 3.5 times and EBITDA interest cover being greater than three times.

Return on capital employed
The Group's ROCE is 12.2% down from 12.9% at 31 March 2018. The decrease in part reflects the adoption of IFRS15. Under IAS 18, the Group's ROCE at 31 March 2019 is 12.4% Details on how this was calculated are on page 35.

Dividends
The directors are proposing an interim dividend of 4.46 $ cent per share representing an increase of 5% on the 2018 interim dividend. The interim dividend is payable to shareholders on the Company's register at 5.00 pm on 31 May 2019 and will be paid on 26 June 2019.

Principal risks and uncertainties

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

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

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

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

Strategic

Risk	Impact	Mitigation
Value generation from acquisitions	Acquisitive growth remains a core element of the Group's strategy. A failure to execute and properly integrate acquisitions may impact the Group's projected revenue growth and its ability to capitalise on the synergies they bring and/or to maintain and develop the associated talent pool.	All potential acquisitions are assessed and evaluated to ensure the Group's defined strategic and financial criteria are met. A discrete integration process and post integration review is developed for each acquisition. This process is supported by experienced management with a view to achieving identified benefits, cultivating talent and minimising general and specific integration risks.
Innovation and Insight	The continued success of the Group has been dependent upon the development and delivery of innovative solutions to our clients. Examples include serialised packaging and multichannel Contract Sales Organisation (CSO). An inability to predict client and market trends and develop and deliver such innovation would be a risk to the maintenance of our market leading positions in the various sectors in which we operate.	Innovation and insight is at the fore of all business and acquisition strategies set down by the Senior Executive Team (SET). At a divisional level, each management team has a responsibility to identify current and projected client and market demands for new service offerings and market changes and have designated roles within their business units tasked to deliver on this.
Client diversification	As the Group's activities consolidate and further acquisitions are completed, the Group's client base may become more concentrated, making the Group more susceptible to competitive, client merger or procurement led threats.	In individual business units where there is a high dependence on a small number of key clients, the threats and opportunities are reviewed by divisional management at each business review. The impact that any potential acquisition may have on client concentration is considered as part of the acquisition assessment process.
Client Outsourcing strategy	Changes to Pharma company outsourcing strategy such as reduced roster of preferred vendors, or a wholesale move to outsource to holding companies that meet all of their service requirements.	In order to maintain or develop a preferred vendor relationship with our target clients, acquisitions can be used to fill any key gaps in client coverage or service offering. The key is to maintain strong client relationships and to keep abreast of potential changes in their business strategies. We have developed an agile Business Development strategy to maximise our value to clients.
Talent management	The success of the Group is built upon effective management teams that consistently deliver superior performance. If the Group cannot attract, retain and develop suitably qualified, experienced and motivated employees, this could have an impact on business performance.	Talent requirements of the Group are monitored to ensure businesses meet prevailing and anticipated requirements in term of skills, competencies and performance. There is a strong focus on key talent management practices including leadership and management development, succession planning and performance management. A formal talent review process is implemented globally and local talent reviews are conducted and linked to the global process.

Principal risks and uncertainties (continued)

Risk	Impact	Mitigation
Brexit	The continuing trading uncertainty associated with Brexit may result in some UDG Healthcare clients reducing the size of their UK operations or have a negative impact on our ability to conduct business profitably in the UK.	The impact of Brexit on movement of people, and distribution of goods is not yet clear and this is generating increased uncertainty, affecting exchange rates and client willingness to develop business in the UK. The overall Group exposure to the UK as a proportion of our total profitability has declined as we have acquired and developed businesses with greater exposure to markets other than the UK.
Economic and Political	The global macroeconomic and geopolitical environment may have a detrimental impact on our client base and on the services we offer. Global economic outlook has slowed in 2019 and trade tensions remain elevated in many parts of the world.	The Group continues to review its portfolio of investments through the annual strategic review process and through constant challenge at a Senior Executive and Board level. Acquisitions and new service offerings are sought which improve the balance of our investments and give greater exposure to innovative and growing market segments.
Operational		
Patient Risk	Throughout the Group medicines and medical devices can be packaged, supplied or administered directly to patients. The risk of inappropriate advice, packaging, supply or administration could lead to a negative patient experience.	The level of automation within the Group's packaging facilities continues to increase. The serialisation of packaging processes continues and in addition, the use of electronic batch records will improve assurance and reduce the possibility of human error in packaging. Health Cloud CRM for patient support programmes has gone live and is a fully validated system. Administration of medicines to patients or providing patient support is covered by a detailed client contract with the Marketing Authorisation Holder (MAH), fully approved scripts, and a divisional clinical governance framework.
Regulatory Compliance	The Group has many legal and regulatory obligations, including in respect of:(a) protection of patient information (such as HIPAA and GDPR); and (b) patient and employee health and safety. In addition, many of the Group's activities are subject to stringent licensing regulations, for example, FDA, EMEA and national agency manufacturing, packaging and promotional regulations and more recently the serialisation requirements under the Falsified Medicines Directive (FMD). A failure to meet any of these could result in regulatory restrictions, financial penalties, the inability to operate, or products and services being defective, harming patients and potentially giving rise to very significant liability.	Maintenance of legal, regulatory and quality standards is a core value of the Group. The Sharp Division and Ashfield Pharmacovigilance are subjected to routine FDA, EMEA and national agency inspections and so are required to be 'audit ready' at all times. Patient education and information programmes are reviewed to ensure compliance with regulation and codes of practice and are subject to regular assessment by Quality and Compliance. Following the introduction of GDPR, regular data protection auditing has now commenced across EU locations in 2018 while data protection training and gap analyses have commenced outside the EU to focus on local data protection law compliance.
IT Systems	The ability of the Group to support operations and provide its services effectively and competitively is dependent on technology and information systems that are appropriately integrated and that meet current and anticipated future business, regulatory and security requirements.	The Group's technology and information systems and infrastructure are the subject of an ongoing programme to ensure that they are capable of meeting the Group's strategic intent and future requirements. Collectively this initiative is referred to as Future Fit IT.
Contract risk	The underlying terms of the Group's commercial relationships drive the profitability of the Group. The nature of the Group's business means that the Group could be exposed to undue cost or liability if it agrees inappropriate terms.	The Group has adopted processes for identifying and mitigating against undue risks in all prospective commercial relationships, supported by personnel with expertise and/or experience in key commercial risk areas.
Cyber security	The global threat sophistication is increasing due to support from criminal organisations and nation states targeting valuable information including impersonation. These are advanced persistent threats targeted at both business-critical data and otherwise using, for example, ransomware for financial gain.	As part of Future Fit IT, the Group is implementing multi-layered information security defences to identify vulnerabilities and protect against attacks. To meet the increasing cyber threat, procedures are continuously being developed and resources are being deployed to detect and respond effectively to any cyber security events that may occur. Specific training is being sourced for continuing awareness programmes throughout 2019.

Principal risks and uncertainties (continued)

Risk	Impact	Mitigation
Business continuity	The Group is exposed to risks that, should they arise, may give rise to the interruption of critical business processes that could adversely impact the Group or its clients.	The Group has developed a business continuity template based on risk and is currently re-working the operational business continuity plans in line with this. Mitigation strategies and continuity plans are part of a structured risk review process as is disaster recovery and communications.
Financial		
Financial Controls	The Group's resources and finances must be managed in accordance with rigorous standards and stringent controls. A failure to meet those standards or implement appropriate controls may result in the Group's resources being improperly utilised or its financial statements being inaccurate or misleading.	The financial controls of the Group, as well as their effectiveness, are monitored by the Board in the context of the standards to which the Group is subject and the expectations of its stakeholders. This monitoring is supported by a dedicated internal audit function. The Group's financial function, systems and controls are also subject to periodic review to ensure that they remain robust and fit for purpose.
Liquidity	The Group is exposed to liquidity, interest rate, currency and credit risks.	The management of the financial risks facing the Group is governed by policies reviewed and approved by the Board. These policies primarily cover liquidity risk, interest rate risk, currency risk and credit risk. The primary objective of the Group's policies is to minimise financial risk at a reasonable cost. The Group does not trade in financial instruments.
Foreign exchange	The Group's reporting currency is the US dollar. Given the nature of the Group's businesses, exposure arises in the normal course of business to other currencies, principally sterling and euro.	The majority of the Group's activities are conducted in the local currency of the country of operation. As a consequence, the primary foreign exchange risk arises from the fluctuating value of the Group's net investment in different currencies. Our strategic intent is to proportionally grow the US as a source of earnings at a faster rate than other markets which will lower the foreign exchange risk for the Group.

Statement of Directors

in respect of the half-yearly financial report

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

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

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

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

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

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

On behalf of the Board[i]

P. Gray	B. McAtamney
Director	Director

20 May 2019

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

Condensed consolidated income statement

for the six months ended 31 March 2019

	Notes	Six months ended 31 March 2019 Pre-exceptional items (Unaudited) $'000	Exceptional items (Unaudited) (Note 5) $'000	Total 31 March 2019 (Unaudited) $'000	Six months ended 31 March 2018 Pre-exceptional items (Unaudited) $'000	Exceptional items (Unaudited) (Note 5) $'000	Total 31 March 2018 (Unaudited) $'000
Revenue	3	**656,639**	**-**	**656,639**	675,307	-	675,307
Cost of sales		**(478,765)**	**-**	**(478,765)**	(484,866)	-	(484,866)
Gross profit		**177,874**	**-**	**177,874**	190,441	-	190,441
Selling and distribution expenses		**(96,812)**	**-**	**(96,812)**	(111,303)	-	(111,303)
Administration expenses		**(11,384)**	**-**	**(11,384)**	(9,305)	-	(9,305)
Other operating expenses		**(19,209)**	**(15,164)**	**(34,373)**	(17,853)	(57,648)	(75,501)
Other operating income		**-**	**-**	**-**	-	8,945	8,945
Transaction costs		**(813)**	**-**	**(813)**	(974)	-	(974)
Share of joint ventures' (loss)/ profit after tax	4	**(418)**	**-**	**(418)**	137	-	137
Operating profit		**49,238**	**(15,164)**	**34,074**	51,143	(48,703)	2,440
Finance income	6	**8,566**	**-**	**8,566**	10,053	3,469	13,522
Finance expense	6	**(12,332)**	**-**	**(12,332)**	(14,215)	-	(14,215)
Profit before tax		**45,472**	**(15,164)**	**30,308**	46,981	(45,234)	1,747
Income tax expense		**(7,324)**	**209**	**(7,115)**	(9,263)	8,683	(580)
Profit for the financial period		**38,148**	**(14,955)**	**23,193**	37,718	(36,551)	1,167
Profit attributable to:							
Owners of the parent		**38,144**	**(14,955)**	**23,189**	37,642	(36,551)	1,091
Non-controlling interest		**4**	**-**	**4**	76	-	76
		38,148	**(14,955)**	**23,193**	37,718	(36,551)	1,167
Earnings per ordinary share:							
Basic earnings per share - cent	7			**9.32**			0.44
Diluted earnings per share - cent	7			**9.27**			0.44

Condensed consolidated statement of comprehensive income

for the six months ended 31 March 2019

	Notes		Six months ended 31 March 2019 (Unaudited) $'000		Six months ended 31 March 2018 (Unaudited) $'000
Profit for the financial period			**23,193**		1,167
Other comprehensive income/(expense):					
Items that will not be reclassified to profit or loss:					
Remeasurement loss on Group defined benefit schemes	13		**(2,408)**		(1,845)
Deferred tax on Group defined benefit schemes					
- Pre-exceptional item		**535**		(50)	
- Exceptional item	5	**-**		408	
			535		358
			(1,873)		(1,487)
Items that may be reclassified subsequently to profit or loss:					
Foreign currency translation adjustment	10		**3,534**		19,364
Group cash flow hedges:					
- Effective portion of cash flow hedges – movement into reserve		**11,754**		(11,959)	
- Effective portion of cash flow hedges – movement out of reserve		**(6,412)**		8,095	
Effective portion of cash flow hedges	10		**5,342**		(3,864)
- Movement in deferred tax – movement into reserve		**(1,469)**		1,495	
- Movement in deferred tax – movement out of reserve		**801**		(1,012)	
Net movement in deferred tax	10		**(668)**		483
			8,208		15,983
Total other comprehensive income for the period			**6,335**		14,496
Total comprehensive income for the period			**29,528**		15,663
Total comprehensive income attributable to:					
Owners of the parent			**29,524**		15,587
Non-controlling interest			**4**		76
			29,528		15,663

Condensed consolidated statement of changes in equity

for the six months ended 31 March 2019

	Equity share Capital $'000	Share Premium $'000	Retained Earnings $'000	Other reserves (Note 10) $'000	**Attributable to owners of the parent $'000**	Non-controlling Interest $'000	**Total Equity $'000**
At 1 October 2018	**14,643**	**197,837**	**808,647**	**(135,955)**	**885,172**	**171**	**885,343**
Change in accounting policy (Note 18)	-	-	3,822	-	**3,822**	-	**3,822**
Restated total equity at the beginning of the financial year	**14,643**	**197,837**	**812,469**	**(135,955)**	**888,994**	**171**	**889,165**
Profit for the financial period	**-**	-	23,189	-	**23,189**	4	**23,193**
Other comprehensive income/(expense):							
Effective portion of cash flow hedges	**-**	-	-	5,342	**5,342**	-	**5,342**
Deferred tax on cash flow hedges	**-**	-	-	(668)	**(668)**	-	**(668)**
Translation adjustment	**-**	-	-	3,534	**3,534**	-	**3,534**
Remeasurement loss on defined benefit schemes	**-**	-	(2,408)	-	**(2,408)**	-	**(2,408)**
Deferred tax on defined benefit schemes	**-**	-	535	-	**535**	-	**535**
Total comprehensive income for the period	**-**	**-**	**21,316**	**8,208**	**29,524**	**4**	**29,528**
Transactions with shareholders:							
New shares issued	6	679	-	-	**685**	-	**685**
Share-based payment expense	-	-	-	2,521	**2,521**	-	**2,521**
Dividends paid to equity holders	-	-	(29,224)	-	**(29,224)**	-	**(29,224)**
Release from share-based payment reserve	-	-	621	(621)	**-**	-	**-**
At 31 March 2019 – unaudited	**14,649**	**198,516**	**805,182**	**(125,847)**	**892,500**	**175**	**892,675**

for the six months ended 31 March 2018

	Equity share capital $'000	Share premium $'000	Retained earnings $'000	Other reserves (Note 10) $'000	Attributable to owners of the parent $'000	Non-controlling interest $'000	Total equity $'000
At 1 October 2017	14,620	196,496	836,087	(166,656)	880,547	109	880,656
Profit for the financial period	-	-	1,091	-	1,091	76	1,167
Other comprehensive income/(expense):							
Effective portion of cash flow hedges	-	-	-	(3,864)	(3,864)	-	(3,864)
Deferred tax on cash flow hedges	-	-	-	483	483	-	483
Translation adjustment	-	-	-	19,364	19,364	-	19,364
Remeasurement loss on defined benefit schemes	-	-	(1,845)	-	(1,845)	-	(1,845)
Deferred tax on defined benefit schemes	-	-	358	-	358	-	358
Total comprehensive income/(expense) for the period	-	-	(396)	15,983	15,587	76	15,663
Transactions with shareholders:							
New shares issued	16	763	-	-	779	-	779
Share-based payment expense	-	-	-	2,563	2,563	-	2,563
Dividends paid to equity holders	-	-	(24,137)	-	(24,137)	-	(24,137)
Release from share-based payment reserve	-	-	581	(581)	-	-	-
At 31 March 2018 – unaudited	14,636	197,259	812,135	(148,691)	875,339	185	875,524

Condensed consolidated balance sheet

as at 31 March 2019

	Notes	**As at 31 March 2019 (Unaudited) $'000**	As at 31 March 2018 (Unaudited) $'000	As at 30 September 2018 (Audited) $'000
ASSETS				
Non-current				
Property, plant and equipment	8	**181,529**	172,430	179,593
Goodwill	9	**513,606**	501,028	515,954
Intangible assets	9	**226,505**	226,451	241,538
Investment in joint ventures and associates	9	**9,497**	9,474	9,729
Contract fulfilment assets		**3,870**	-	-
Derivative financial instruments	11	**12,003**	-	330
Deferred income tax assets		**5,885**	5,519	5,272
Employee benefits	13	**9,652**	11,596	12,935
Total non-current assets		**962,547**	926,498	965,351
Current				
Inventories		**26,314**	51,354	31,248
Trade and other receivables		**375,210**	324,978	347,192
Contract fulfilment assets		**3,538**	-	-
Cash and cash equivalents	11	**169,215**	208,836	180,099
Current income tax assets		**814**	705	793
Derivative financial instruments	11	**2,704**	2,104	2,474
Total current assets		**577,795**	587,977	561,806
Total assets		**1,540,342**	1,514,475	1,527,157
EQUITY				
Equity share capital		**14,649**	14,636	14,643
Share premium		**198,516**	197,259	197,837
Other reserves	10	**(125,847)**	(148,691)	(135,955)
Retained earnings		**805,182**	812,135	808,647
Equity attributable to owners of the parent		**892,500**	875,339	885,172
Non-controlling interest		**175**	185	171
Total equity		**892,675**	875,524	885,343
LIABILITIES				
Non-current				
Interest-bearing loans and borrowings	11	**240,681**	245,467	243,099
Other payables		**16,994**	-	5,451
Provisions	12	**49,724**	35,372	68,900
Employee benefits	13	**-**	5,728	-
Deferred income tax liabilities		**42,694**	45,787	45,225
Derivative financial instruments	11	**-**	11,761	319
Total non-current liabilities		**350,093**	344,115	362,994
Current				
Interest-bearing loans and borrowings	11	**21**	309	272
Trade and other payables		**258,175**	242,851	225,526
Current income tax liabilities		**14,868**	19,067	13,477
Provisions	12	**24,510**	32,609	39,545
Total current liabilities		**297,574**	294,836	278,820
Total liabilities		**647,667**	638,951	641,814
Total equity and liabilities		**1,540,342**	1,514,475	1,527,157

Condensed consolidated cash flow statement

for the six months ended 31 March 2019

	Six months ended 31 March 2019 (Unaudited) $’000	Six months ended 31 March 2018 (Unaudited) $’000
Cash flows from operating activities		
Profit before tax	**30,308**	1,747
Finance income	**(8,566)**	(10,053)
Finance expense	**12,332**	14,215
Exceptional items	**15,164**	45,234
Operating profit	**49,238**	51,143
Share of joint ventures’ loss/(profit) after tax	**418**	(137)
Transaction costs	**813**	974
Depreciation charge	**11,764**	12,028
Profit on disposal of property, plant and equipment	**(678)**	(274)
Amortisation of intangible assets	**19,208**	17,853
Share-based payment expense	**2,521**	2,563
Increase in contract fulfilment assets	**(403)**	-
Increase in inventories	**(7,943)**	(150)
Increase in trade and other receivables	**(12,023)**	(7,869)
Increase/(decrease) in trade payables and other payables	**22,444**	(9,609)
Exceptional items (paid)/received	**(7,379)**	13,493
Transaction costs paid	**(689)**	(2,828)
Cash generated from operations	**77,291**	77,187
Interest paid	**(4,158)**	(4,506)
Income taxes paid	**(9,595)**	(7,314)
Net cash inflow from operating activities	**63,538**	65,367
Cash flows from investing activities		
Interest received	**1,112**	554
Purchase of property, plant and equipment	**(17,661)**	(14,692)
Proceeds from disposal of property, plant and equipment	**808**	889
Investment in intangible assets – computer software	**(4,337)**	(9,985)
Deferred consideration paid	**(22,889)**	-
Deferred contingent consideration paid	**(772)**	(3,210)
Net cash outflow from investing activities	**(43,739)**	(26,444)
Cash flows from financing activities		
Proceeds from issue of shares (including share premium thereon)	**685**	779
Repayments of interest-bearing loans and borrowings	**-**	(276)
Proceeds from interest-bearing loans and borrowings	**367**	604
Decrease in finance leases	**(76)**	(66)
Dividends paid to equity holders of the Company	**(29,224)**	(24,137)
Net cash outflow from financing activities	**(28,248)**	(23,096)
Net (decrease)/increase in cash and cash equivalents	**(8,449)**	15,827
Translation adjustment	**(2,435)**	5,540
Cash and cash equivalents at beginning of period	**180,099**	187,469
Cash and cash equivalents at end of period	**169,215**	208,836
Cash and cash equivalents is comprised of:		
Cash at bank and short-term deposits	**169,215**	208,836

Notes to the condensed interim financial statements
for the six months ended 31 March 2019

1. Reporting entity
UDG Healthcare plc (the "Company") is a company domiciled in Ireland. The unaudited condensed consolidated interim financial information of the Company for the six months ended 31 March 2019, are comprised of the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in joint ventures and associates.

The financial information presented herein does not amount to statutory financial statements that are required by Section 347 of the Companies Act, 2014 to be annexed to the annual return of the Company. The financial information does not include all the information and disclosures required in the annual financial statements. The statutory financial statements for the year ended 30 September 2018 will be annexed to the annual return and filed with the Registrar of Companies. The audit report on those statutory financial statements was unqualified and did not contain any matters to which attention was drawn by way of emphasis.

2. Statement of compliance and basis of preparation
Basis of preparation
These unaudited condensed consolidated interim financial statements ("the interim accounts") for the six months ended 31 March 2019 have been prepared in accordance with IAS 34, Interim Financial Reporting, as endorsed by the European Union. These interim accounts do not include all of the information required for full annual financial statements and should be read in conjunction with the most recent published consolidated financial statements of the Group.

The preparation of interim financial statements requires the use of certain critical accounting estimates, judgements and assumptions. The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, relate primarily to goodwill impairment testing, revenue recognition, income tax expense, employee benefit obligations, share-based payments and valuation of provisions. Other than the changes in accounting policies outlined in Note 18, the nature of the assumptions and estimates made in the preparation of the interim accounts are the same as those identified in our most recent annual report. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. There was no significant change to any of these key estimates or judgements in the six month period, other than a change to certain actuarial assumptions as set out in Note 13.

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

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

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

Accounting policies
The accounting policies applied in the interim accounts are the same as those applied in the 2018 Annual Report, except for the adoption of new standards, interpretations and standard amendments effective for the Group for the period commencing 1 October 2018. The Group has had to change its accounting policies as a result of adopting the following new standards:
- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers

The impact of adoption of these standards and the new accounting policies are disclosed in Note 18. A number of other changes to IFRS became effective in the period beginning on 1 October 2018, however they did not have a material effect on the Group accounting policies and the condensed consolidated interim financial statements.

3. Segmental analysis

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

Ashfield - Ashfield is a global leader in commercialisation services for the pharmaceutical and healthcare industry, operating across 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 commercial 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, a distributor of specialist medical and scientific products in the UK and Ireland, was disposed of in 2018.

The segmental analysis of the business corresponds with the Group's organisational structure and the Group's internal reporting for the purpose of managing the business and assessing performance as reviewed by the Group's Chief Operating Decision Maker (CODM), which the Group has defined as Brendan McAtamney (Chief Executive Officer). The amount of revenue and operating profit under the Group's operating segments is as follows:

	Six months ended 31 March 2019 $'000	Six months ended 31 March 2018 $'000
Revenue		
Ashfield	**491,027**	478,925
Sharp	**165,612**	142,465
Aquilant	**-**	53,917
	656,639	675,307

	Six months ended 31 March 2019 $'000	Six months ended 31 March 2018 $'000
Operating profit before acquired intangible amortisation, transaction costs and exceptional items		
Ashfield	**47,408**	45,609
Sharp	**18,194**	18,879
Aquilant	**-**	2,867
	65,602	67,355
Amortisation of acquired intangibles	**(15,551)**	(15,238)
Transaction costs	**(813)**	(974)
Exceptional items	**(15,164)**	(48,703)
Operating profit	**34,074**	2,440
Finance income	**8,566**	13,522
Finance expense	**(12,332)**	(14,215)
Profit before tax	**30,308**	1,747
Income tax expense	**(7,115)**	(580)
Profit after tax for the period	**23,193**	1,167

3. Segmental analysis (continued)

Timing of revenue recognition	Six months ended 31 March 2019		
	Over time $'000	**Point in time $'000**	**Total $'000**
Ashfield			
Communications & Advisory	**174,023**	**-**	**174,023**
Commercial & Clinical	**315,590**	**1,414**	**317,004**
Ashfield	**489,613**	**1,414**	**491,027**
Sharp	**161,245**	**4,367**	**165,612**
Group	**650,858**	**5,781**	**656,639**

Revenue is recognised when a customer obtains control of a good or service and therefore has the ability to direct the use and obtain the benefits from the good or service. Revenue is recognised over time where i) there is a continuous transfer of control to the customer; or ii) there is no alternative use for any asset created and there is an enforceable right to payment for performance completed to date. Other revenue contracts are recognised at a point in time when control of the good or service transfers to the customer.

Geographical analysis of revenue	**Six months ended 31 March 2019 $'000**	Six months ended 31 March 2018 $'000
Republic of Ireland	**3,403**	23,040
United Kingdom	**127,145**	163,077
North America	**414,662**	385,109
Rest of the World	**111,429**	104,081
	656,639	675,307

4. Share of joint ventures' (loss)/profit after tax

	Six months ended 31 March 2019 $'000	Six months ended 31 March 2018 $'000
Revenue	**33,196**	31,534
Expenses, including tax	**(34,032)**	(31,260)
(Loss)/profit after tax	**(836)**	274
Group's equity interest	**49.99%**	49.99%
Group's share of (loss)/profit after tax	**(418)**	137

5. Exceptional items

Exceptional items are those which, in management's judgement, should be disclosed separately by virtue of their nature or amount. Such items are included within the Income Statement caption to which they relate and are separately disclosed in the notes to the Group Interim Financial Statements.

The Group reports the following exceptional items:

	Six months ended 31 March 2019 $'000	Six months ended 31 March 2018 $'000
Legal costs and settlements	**15,164**	-
Contract termination gain	**-**	(8,945)
Impairment of goodwill	**-**	57,648
Deferred contingent consideration	**-**	(3,469)
Net exceptional items pre-tax	**15,164**	45,234
Deferred tax credit	**(209)**	(9,715)
Exceptional items tax charge	**-**	1,032
Net exceptional items after tax	**14,955**	36,551

Legal costs and settlements expense primarily relates to the previously disclosed claim received from McKesson in 2018 arising from its purchase of United Drug from the Group in 2016. McKesson had notified the Group of potential claims pursuant to indemnification and warranty provisions contained in the sale and purchase agreement relating to the disposal of United Drug. This claim was settled in April 2019 (without admission by any party) resulting in a total expense for the Group in the period of $14,410,000 (including defense costs). The Group does not expect any further costs to arise as a result of the disposal. Additionally, the Group incurred legal costs of $754,000 protecting an Ashfield trademark. These two exceptional items resulted in a total expense for the Group in the period of $15,164,000 with a tax impact amounting to $209,000.

In the prior period, the Group recognised $36.6 million of an exceptional charge. A goodwill impairment charge of $57.6 million was recognised in relation to Aquilant, partially offset by an exceptional gain of $8.9 million relating to the exit of two Aquilant clients in the period. A tax charge of $1.0 million was incurred in relation to these items. Following the enactment of the US Tax Cuts and Jobs Act, the Group recognised an exceptional tax gain of $9.7 million in the income statement arising on the one-off remeasurement of certain US tax liabilities. Deferred contingent consideration of $3.5 million in respect of Cambridge BioMarketing was released following review of expected performance against earn-out targets.

6. Finance income and expense

	Six months ended 31 March 2019 $'000	Six months ended 31 March 2018 $'000
Finance income		
Income arising from cash deposits	**1,240**	736
Fair value adjustments to guaranteed senior unsecured loan notes	**627**	1,001
Foreign currency gain on retranslation of guaranteed senior unsecured loan notes	**6,412**	8,095
Ineffective portion of cash flow hedges	**88**	63
Net finance income on pension scheme obligations	**199**	158
	8,566	10,053
Finance expense		
Interest on bank loans and other loans		
-wholly repayable within 5 years	**(3,569)**	(1,764)
-wholly repayable after 5 years	**(955)**	(3,073)
Interest on finance leases	**(1)**	(1)
Interest on overdrafts	**(30)**	(17)
Interest on deferred acquisition consideration	**(99)**	-
Unwinding of discount on provisions	**(639)**	(264)
Fair value adjustments to fair value hedges	**(627)**	(1,001)
Fair value of cash flow hedges transferred to equity	**(6,412)**	(8,095)
	(12,332)	(14,215)
Net finance expense, pre–exceptional item	**(3,766)**	(4,162)
Finance income relating to exceptional item	**-**	3,469
Net finance expense	**(3,766)**	(693)

7. Earnings per ordinary share

	IFRS15 Six months ended 31 March 2019 $'000	IAS18 Six months ended 31 March 2019 $'000	Six months ended 31 March 2018 $'000
Profit attributable to the owners of the parent	**23,189**	**25,400**	1,091
Adjustment for amortisation of acquired intangible assets (net of tax)	**11,909**	**11,909**	11,881
Adjustment for transaction costs (net of tax)	**773**	**773**	895
Adjustment for exceptional items (net of tax)	**14,955**	**14,955**	36,551
Adjusted profit attributable to owners of the parent	**50,826**	**53,037**	50,418

	2019 Number of shares	2018 Number of shares
Weighted average number of shares	**248,802,272**	248,370,162
Number of dilutive shares under option	**1,267,485**	1,288,679
Weighted average number of shares, including share options	**250,069,757**	249,658,841

	IFRS15 2019	IAS18 2019	2018
Basic earnings per share – $ cent	**9.32**	**10.21**	0.44
Diluted earnings per share – $ cent	**9.27**	**10.16**	0.44
Adjusted basic earnings per share – $ cent[1]	**20.43**	**21.32**	20.30
Adjusted diluted earnings per share - $ cent[1]	**20.32**	**21.21**	20.19

[1] Adjusted profit attributable to owners of the parent is stated before the amortisation of acquired intangible assets ($11.9m, net of tax), transaction costs ($0.8m, net of tax) and exceptional items ($15.0m, net of tax).

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

Treasury shares have been excluded from the weighted average number of shares in issue used in the calculation of earnings per share. A total of 2,247,738 (2018: 2,297,264) 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 period.

8. Property, plant and equipment

	Land and buildings $'000	Plant and equipment $'000	Motor vehicles $'000	Computer equipment $'000	Assets under construction $'000	**Total $'000**
At 1 October 2018						
Opening net book amount	71,531	81,674	152	6,039	20,197	**179,593**
Additions in the period	38	4,883	-	840	9,080	**14,841**
Depreciation	(2,441)	(7,198)	(4)	(2,121)	-	**(11,764)**
Disposals in period	-	(129)	-	-	-	**(129)**
Reclassifications	-	903	-	-	(903)	**-**
Translation adjustment	(288)	(557)	(3)	(164)	-	**(1,012)**
At 31 March 2019	**68,840**	**79,576**	**145**	**4,594**	**28,374**	**181,529**
At 31 March 2019						
Cost or deemed cost	104,304	158,930	260	24,349	28,374	**316,217**
Accumulated depreciation	(35,464)	(79,354)	(115)	(19,755)	-	**(134,688)**
Net book amount	**68,840**	**79,576**	**145**	**4,594**	**28,374**	**181,529**

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

	Goodwill $'000	**Intangible assets $'000**	**Investment in joint ventures and associates $'000**
At 1 October 2018	515,954	241,538	9,729
Investment in computer software	-	5,169	-
Amortisation of acquired intangible assets	-	(15,551)	-
Amortisation of computer software	-	(3,657)	-
Share of joint ventures' loss after tax	-	-	(418)
Translation adjustment	(2,348)	(994)	186
At 31 March 2019	**513,606**	**226,505**	**9,497**

10. 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 2018	(15,886)	14,808	(127,548)	(7,676)	347	**(135,955)**
Effective portion of cash flow hedges	5,342	-	-	-	-	**5,342**
Deferred tax on cash flow hedges	(668)	-	-	-	-	**(668)**
Share-based payment expense	-	2,521	-	-	-	**2,521**
Release from share-based payment reserve	-	(621)	-	-	-	**(621)**
Translation adjustment	-	-	3,534	-	-	**3,534**
At 31 March 2019	**(11,212)**	**16,708**	**(124,014)**	**(7,676)**	**347**	**(125,847)**

11. Net debt

	As at 31 March 2019 $'000	As at 31 March 2018 $'000	As at 30 Sept 2018 $'000
Current assets			
Cash at bank and short-term deposits	**169,215**	208,836	180,099
Derivative financial instruments	**2,704**	2,104	2,474
Non-current assets			
Derivative financial instruments	**12,003**	-	330
Current liabilities			
Interest-bearing loans and borrowings	**-**	(228)	(227)
Finance leases	**(21)**	(81)	(45)
Non-current liabilities			
Interest-bearing loans and borrowings	**(240,680)**	(245,450)	(243,091)
Finance leases	**(1)**	(17)	(8)
Derivative financial instruments	**-**	(11,761)	(319)
Net debt	**(56,780)**	(46,597)	(60,787)

12. Provisions

	Deferred contingent consideration $'000	Legal $'000	Onerous leases $'000	Restructuring and other costs $'000	**Total $'000**
Balance at 1 October 2018	96,915	-	2,896	8,634	**108,445**
Charge to income statement	-	14,410	-	-	**14,410**
Utilised during the period	(772)	-	(574)	(6,051)	**(7,397)**
Unwinding of discount	639	-	-	-	**639**
Reclassification	(41,566)	-	-	-	**(41,566)**
Translation adjustment	(18)	-	(11)	(268)	**(297)**
Balance at 31 March 2019	**55,198**	**14,410**	**2,311**	**2,315**	**74,234**
Non-current	48,656	-	1,050	18	**49,724**
Current	6,542	14,410	1,261	2,297	**24,510**
Total	**55,198**	**14,410**	**2,311**	**2,315**	**74,234**

During the interim period contingent consideration of $41,566,000 was transferred to deferred consideration, presented within trade and other payables.

13. Employee benefits

	Employee benefit asset $'000
Employee benefit asset at 1 October 2018	**12,935**
Current service cost	**(1,490)**
Interest	**199**
Contributions paid	**464**
Remeasurement loss	**(2,408)**
Translation adjustment	**(48)**
Employee benefit asset at 31 March 2019	**9,652**

As set out in the consolidated financial statements for the year ended 30 September 2018, the Group operates a number of defined benefit pension schemes which are funded by the payments of contributions to separately administered trust funds. All schemes have a remeasurement loss in the current period which primarily relates to a decrease in the discount rate and change in assumptions. In the ROI schemes, there is no longer a salary increase assumption due to the accrual of pension benefits ceasing from 1 December 2015.

The principal assumptions are as follows:

	Republic of Ireland Schemes		**United States Scheme**	
	As at 31 March 2019	As at 30 September 2018	**As at 31 March 2019**	As at 30 September 2018
Rate of increase in salaries	**n/a**	n/a	**2.75-4.00%**	2.75-4.00%
Rate of increase in pensions	**0-1.50%**	0-1.60%	**0.00%**	0.00%
Inflation rate	**1.50%**	1.60%	**2.75%**	2.75%
Discount rate	**1.60%**	2.00%	**3.70%**	4.10%

14. Financial instruments

The fair values of financial assets and financial liabilities, together with the carrying amounts in the condensed consolidated balance sheet at 31 March 2019, are as follows:

	Carrying value $'000	Fair value $'000
Financial assets		
Trade and other receivables	353,293	353,293
Derivative financial assets	14,707	14,707
Cash and cash equivalents	169,215	169,215
	537,215	**537,215**
Financial liabilities		
Trade and other payables	182,242	182,242
Interest-bearing loans and borrowings	240,680	240,680
Finance lease liabilities	22	22
Deferred contingent consideration	55,198	55,198
	478,142	**478,142**

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

Trade and other receivables/payables

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

Cash and cash equivalents

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

Interest-bearing loans and borrowings (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, the fair value is the present value of future cash flows discounted at current market rates.

Valuation techniques and significant unobservable inputs

Fair value hierarchy of assets and liabilities measured at fair value

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

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

14. Financial instruments (continued)

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

	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	-	14,707	-	14,707
	-	**14,707**	**-**	**14,707**
Liabilities measured at fair value				
Designated as hedging instruments				
Cross currency interest rate swaps	-	-	-	-
At fair value through profit or loss				
Deferred contingent consideration	-	-	55,198	55,198
	-	**-**	**55,198**	**55,198**

Summary of derivatives:

	Amount of financial assets/liabilities as presented in the balance sheet $'000	**Related amounts not offset in the balance sheet $'000**	**31 March 2019 Net $'000**	Amount of financial assets/liabilities as presented in the balance sheet $'000	Related amounts not offset in the balance sheet $'000	31 March 2018 Net $'000
Derivative financial assets	**14,707**	**-**	**14,707**	2,104	-	2,104
Derivative financial liabilities	**-**	**-**	**-**	11,761	-	11,761

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 values 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 and using forward currency rates and market interest rates as applicable for a similar instrument at the measurement date. Fair values reflect the credit risk of the instrument and include, where appropriate, adjustments to take account of the credit risk of the Group entity and counterparty.

Deferred contingent consideration

Deferred contingent consideration is included in Level 3 of the fair value hierarchy. Details of movements in the period are included in Note 12. The deferred contingent consideration liability arises from acquisitions completed by the Group. The fair value is determined considering the expected payment, discounted to present value using a risk-adjusted discount rate. The expected payment is determined separately in respect of each individual earn out agreement taking into consideration the expected level of profitability of each acquisition. The provision for deferred contingent consideration is primarily in respect of acquisitions completed during 2017 and 2018.

The significant unobservable inputs are:

- forecasted weighted average EBIT growth rate 13% (2018: 24%); and
- risk adjusted discount rate 0.02% - 2.75% (2018: 0.02% - 2.75%).

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

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

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

14. Financial instruments (continued)

For the fair value of deferred contingent consideration, a reasonable possible change to one of the significant unobservable inputs at 31 March 2019, 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)	220	(220)
Risk-adjusted discount rate (1% movement)	(1,315)	1,371

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.

	31 March 2019 Times	31 March 2018 Times
Net debt to annualised EBITDA	0.33	0.28
Annualised EBITDA interest cover	24.1	20.2

15. Dividends

The Board has proposed an interim dividend of 4.46 $ cent per share (2018 interim dividend: 4.25 $ cent) amounting to $11,097,000 (2018: $10,568,000). This dividend has not been provided for in the balance sheet at 31 March 2019 as there was no present obligation to pay the dividend at the reporting date. During the first half of the financial year, the final dividend for 2018 (11.75 $ cent per share) was paid, giving rise to a reduction in shareholders' funds of $29,223,735.

16. Foreign currency

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

	31 March 2019	31 March 2018
	$1=Stg£	$1=Stg£
Balance sheet (closing rate)	**0.7640**	0.7101
Income statement (average rate)	**0.7725**	0.7357
	$1=Euro€	$1=Euro€
Balance sheet (closing rate)	**0.8901**	0.8116
Income statement (average rate)	**0.8783**	0.8310

17. 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 31 March 2019. The Group has provided a loan to Magir, gross of interest, of Stg£11,561,000 (2018: Stg£11,181,000).

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

Key management personnel receive compensation in the form of short-term employee benefits, post-employment benefits and equity compensation benefits. Key management personnel received total compensation of $6,009,000 for the six months ended 31 March 2019 (2018: $6,347,000).

18. Changes in accounting policies

This note explains the impact of the adoption of IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers on the Group's financial statements and the new accounting policies that have been applied from 1 October 2018, where they are different to those applied and disclosed in the 2018 Annual Report.

New and amended standards and interpretations effective during 2019
IFRS 9 Financial Instruments
IFRS 9 replaced IAS 39 Financial Instruments: Recognition and Measurement. The standard sets out the requirements for the classification, measurement and derecognition of financial assets and financial liabilities, contains new rules for hedge accounting, and introduces a new model for impairment of financial assets. The Group has adopted IFRS 9 from 1 October 2018, with the practical expedients permitted under the standard. Comparatives for 2018 have not been restated.

The impact of adopting IFRS 9 on the condensed interim financial statements was not material for the Group and there were no adjustments to retained earnings on application at 1 October 2018. The main impact on accounting policies are outlined below.

Financial instrument classification
IFRS 9 largely retains the existing requirements for the classification and measurement of financial liabilities. The standard contains three primary measurement categories for financial assets: amortised cost; fair value through other comprehensive income; and fair value through profit or loss. Classification of financial assets is dependent on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income without future recycling on derecognition. The Group reviewed the classification of financial instruments at 1 October 2018 and determined the following classifications:

Financial instruments	1 October 2018 $'000	IAS 39 classification	IFRS 9 classification
Financial assets			
Trade and other receivables	318,339	Loans and receivables	Amortised cost
Derivative financial assets	2,804	Fair value (hedge accounting)	Fair value (hedge accounting)
Cash and cash equivalents	180,099	Loans and receivables	Amortised cost
Financial liabilities			
Trade and other payables	163,646	Amortised cost	Amortised cost
Derivative financial liabilities	319	Fair value (hedge accounting)	Fair value (hedge accounting)
Interest-bearing loans and borrowings	247,088	Amortised cost	Amortised cost
Deferred contingent consideration	96,915	Fair value through profit or loss	Fair value through profit or loss

The classification requirements in IFRS 9 did not impact the measurement or carrying amount of financial assets and liabilities.

Impairment of financial assets
The Group adopted a new impairment model for financial assets classified at amortised cost, which requires the recognition of provisions for impairment based on expected credit losses rather than only on incurred credit losses under the previous standard. For trade receivables, the Group applies the simplified approach in IFRS 9 to measure expected credit losses using a lifetime expected credit loss provision. The change in the impairment methodology from adopting IFRS 9 did not result in a material change in the Group's allowance for impairment at 1 October 2018.

Hedge accounting
The Group adopted the new general hedge accounting model in IFRS 9. The standard simplifies the requirements for hedge effectiveness. IFRS 9 requires an economic relationship between the hedged item and hedging instrument, and for the 'hedged ratio' to be the same as the one that the Group uses for risk management purposes. The Group's hedge documentation has been updated in line with the new standard and the Group concluded that the existing hedge relationships qualified as continuing hedges on adoption of IFRS 9.

IFRS 15 Revenue from Contracts with Customers
IFRS 15 replaced IAS 18 Revenue, IAS 11 Construction Contracts, and related interpretations. IFRS 15 establishes a five-step model for reporting revenue recognition. The standard specifies how and when revenue should be recognised as well as requiring enhanced disclosures.

18. Changes in accounting policies (continued)

Accounting policy

Revenue is recognised for identified contracts with customers. The Group assesses the contracts to determine the transaction price and performance obligations to be delivered to the customer under the contract. The Group recognises revenue in the amount of the transaction price expected to be received for goods and services supplied at a point in time or over time as the contractual performance obligations are satisfied and control passes to the customer. Revenue is recognised when a customer obtains control of a good or service and therefore has the ability to direct the use and obtain the benefits from the good or service. Revenue is recognised over time where i) there is a continuous transfer of control to the customer; or ii) there is no alternative use for any asset created and there is an enforceable right to payment for performance completed to date. Other revenue contracts are recognised at a point in time when control of the good or service transfers to the customer.

Where the contractual performance obligations are satisfied over time and revenue is recognised over time, the Group recognises revenue by reference to the point of completion of the performance obligations consistent with the previous accounting policy. The primary method of estimating point of completion of over time revenue contracts is the input method of cost incurred over total cost to complete the revenue contract.

If the consideration in a revenue contract includes a variable amount (including volume rebates), the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. In some of the Group’s revenue contracts, the Group receives short-term advances from its customers. Using the practical expedient in IFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

The Group has changed the presentation of certain balances in the balance sheet to reflect the terminology of IFRS 15.

Contract assets: A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. Contract assets are presented within trade and other receivables on the Group Balance Sheet. Amounts previously classified as accrued income are now classified as contract assets.

Contract liabilities: A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract. Contract liabilities are presented within trade and other payables on the Group Balance Sheet. Amounts previously classified as deferred income are now classified as contract liabilities.

Contract fulfilment assets: For certain contracts, the Group incurs costs necessary to fulfil obligations under a contract once it is obtained but before transferring goods or services to the customer. Costs to fulfil a contract are recognised on the Group Balance Sheet where the costs relate directly to a contract, generate or enhance Group resources that will be used in satisfying future performance obligations, and the costs are expected to be recovered. Contract fulfilment assets are amortised to cost of sales on a systematic basis, consistent with the pattern of transfer of the goods or services to which the asset relates.

Implementation of IFRS 15

IFRS 15 was adopted by the Group on 1 October 2018 using the modified retrospective approach which permitted the Group to apply the new standard from 1 October 2018 with an adjustment to the opening balance of retained earnings at 1 October 2018 for the cumulative effect of applying the new standard to existing contracts that were not completed contracts on transition. The cumulative impact on opening retained earnings was a net increase of $3,822,000. The impact of adopting the new standard on the Group Balance Sheet as at 1 October 2018 is outlined as follows:

	30 September 2018 Previously reported $'000	**IFRS 15 Adjustments $'000**	**1 October 2018 Adjusted $'000**
Non-Current assets			
Contract fulfilment assets	-	2,852	**2,852**
Deferred income tax assets	5,272	406	**5,678**
Current assets			
Inventories	31,248	(12,846)	**18,402**
Trade and other receivables(i)	347,192	16,271	**363,463**
Contract fulfilment assets	-	4,153	**4,153**

(i) Impact relates to contract assets and contract fulfilment assets

18. Changes in accounting policies (continued)

	30 September 2018 Previously reported $'000	IFRS 15 Adjustments $'000	1 October 2018 Adjusted $'000
Equity			
Retained earnings	808,647	3,822	**812,469**
Non-current liabilities			
Other payables(ii)	5,451	2,900	**8,351**
Deferred income tax liabilities	45,225	1,180	**46,405**
Current liabilities			
Trade and other payables(ii)	225,526	2,934	**228,460**

(ii) Impact relates to contract liabilities

The most significant impact of the new standard relates to revenue recognition for packaging contracts in Sharp. Previously, revenue from packaging contracts were recognised primarily on dispatch of products. Under IFRS 15, where the Group produces products for customers that have no alternative use and for which the Group has concluded there is an enforceable right to payment for performance completed to date, the standard requires the Group to recognise revenue over time as the Group satisfies the contractual performance obligations. This can have the effect of accelerating the timing of revenue recognition from these contracts, such that some portion of revenue may be recognised prior to shipment or delivery of products by Sharp. This resulted in a decrease in inventory on the date of adoption for the products where revenue is recognised over time. The Group recognised contract assets on the Balance Sheet (within trade and other receivables) for the amounts of revenue recognised prior to dispatch which had not yet been invoiced to the customer.

The Group recognised contract fulfilments assets for certain direct costs related to contracts prior to commencement of services in the contract. Previously, such costs were expensed as incurred. IFRS 15 resulted in the deferral of some set-up fee revenue that are presented as contract liabilities (within trade and other payables), which the Group recognises as revenue over time as the performance obligations in the contracts are satisfied.

The prior period results and financial position as reported under the previous standard have not been restated. The impact of the adoption of the new revenue standard on the Group's condensed consolidated interim financial information is outlined on the following table.

	Six months ended 31 March 2019		
	As reported $'000	IFRS 15 impact of adoption $'000	Balances without adoption of IFRS 15 $'000
Condensed consolidated income statement			
Revenue	656,639	2,150	658,789
Cost of sales	(478,765)	490	(478,275)
Gross profit	177,874	2,640	180,514
Administration expenses	(11,384)	50	(11,334)
Operating profit	49,238	2,690	51,928
Profit before tax	45,472	2,690	48,162
Income tax expense	(7,324)	(479)	(7,803)
Profit for the financial period before exceptional items	38,148	2,211	40,359
Exceptional items	(14,955)	-	(14,955)
Profit for the financial period after exceptional items	23,193	2,211	25,404
Profit attributable to owners of the parent	23,189	2,211	25,400
Basic earnings per share - cent	9.32	0.89	10.21
Diluted earnings per share - cent	9.27	0.89	10.16
Condensed consolidated statement of comprehensive income			
Profit for the financial period	23,193	2,211	25,404
Total comprehensive income for the period	29,528	2,211	31,739
Total comprehensive income attributable to owners of the parent	29,524	2,211	31,735

18. Changes in accounting policies (continued)

	Six months ended 31 March 2019		
	As reported $'000	IFRS 15 impact of adoption $'000	Balances without adoption of IFRS 15 $'000
Condensed consolidated balance sheet			
Non-current assets			
Contract fulfilment assets	3,870	(3,870)	-
Deferred income tax assets	5,885	(406)	5,479
Current assets			
Inventories	26,314	12,986	39,300
Trade and other receivables(i)	375,210	(15,002)	360,208
Contract fulfilment assets	3,538	(3,538)	-
Equity			
Retained earnings	805,182	(1,611)	803,571
Non-current liabilities			
Other payables(ii)	16,994	(4,124)	12,870
Deferred income tax liabilities	42,694	(1,180)	41,514
Current liabilities			
Trade and other payables(ii)	258,175	(3,394)	254,781
Current income tax liabilities	14,868	479	15,347

(i) Impact relates to contract assets and contract fulfilment assets
(ii) Impact relates to contract liabilities

There was no impact on non-controlling interests. The impact on the foreign currency translation reserve and other comprehensive income was not material as the majority of the IFRS 15 impact related to the Group's US operations which report in US dollars, the presentation currency of the Group. There was no impact on cash generated from operations.

New and amended standards and interpretations issued but not yet effective or early adopted
A number of new standards and amendments to standards and interpretations are effective for annual reporting periods beginning after 1 October 2019, and have not been applied in preparing these financial statements. These standards and amendments have not been early adopted and they do not have an effect on the financial information contained in these interim financial statements. They will be more fully discussed in our annual report for 2019. The standard which is most relevant for the Group is:

IFRS 16 Leases (EU Endorsed)
IFRS 16 Leases addresses the definition of a lease, recognition and measurement of leases, and disclosure requirements for leases. The standard replaces IAS 17 Leases and related interpretations, and is effective for the Group in the financial year commencing on 1 October 2019. A key change arising from IFRS 16 is that most operating leases will be recognised on the balance sheet for lessees. The Group's total non-cancellable operating lease commitments at 31 March 2019 amount to $123,018,000 (2018: $127,055,000). The Group is currently assessing the impact of this new standard. A number of factors impact the calculation of the lease liability, such as the discount rate, the expected term of leases including renewal options and exemptions for short-term leases and low-value items. The Group's operating lease commitments outlined above provide an indication of the extent of leases currently in the Group. However, for the reasons highlighted above, this amount should not be used as a proxy for the impact of IFRS 16 on the Group Balance Sheet. The Group will continue to assess its portfolio of leases to calculate the impending impact of transition to the new standard.

19. Events after the balance sheet date

Business disposal settlement
In April 2019, the Group settled a claim from McKesson arising from its purchase of United Drug from the Group in 2016. This resulted in an exceptional charge in the interim period of $14,410,000 which was recognised as an adjusting event after the 31 March 2019 balance sheet (Note 5).

Acquisition of Putnam Associates ("Putnam")
The Group completed the acquisition of Putnam in May 2019 for consideration of up to $88.6 million comprising initial consideration of $60.0 million and an additional contingent consideration of up to $20.1 million over three years, and a further five year contingent consideration of $8.5 million. Putnam is a US-based specialist consultancy focused on product commercialisation strategy, exclusively for the life sciences industry. Putnam primarily offers consultancy services across the product life cycle with particular strengths in product commercialisation, pricing, reimbursement, and market access strategy. The consultancy recorded adjusted operating profit in its year ending 31 December 2018 of approximately $8 million and employs approximately 120 people. Putnam will further enhance Ashfield's advisory services offering.

19. Events after the balance sheet date (continued)

Acquisition of Incisive Health
In May 2019, the Group completed the acquisition of Incisive Health, a UK-based healthcare communications consultancy for consideration of up to $17.7 million. This includes initial consideration of $10.4 million, with contingent consideration of up to $7.3 million payable over three years, based on the achievement of certain profit targets. Incisive Health employs approximately 36 people across its offices in London and Brussels, specialising in healthcare policy, public affairs and communications services. Incisive Health will be reported in the Group's Ashfield segment.

Due to the short time frame between completion date and the date of issuance of this report, an initial assignment of fair values to identifiable assets and liabilities acquired has not been completed.

20. Board approval
This interim report was approved by the Board of Directors of UDG Healthcare plc on 20 May 2019.

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 measures 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 measures are not readily identifiable from the Financial Statements, are set out below.

Following the adoption of IFRS 15 Revenue from Contracts with Customers on 1 October 2018, the Group's statutory results for the six months ended 31 March 2019 are presented on an IFRS 15 basis, whereas the Group's statutory results for the comparative period ended 31 March 2018 are presented on an IAS 18 basis as previously reported. For the comparisons between the two bases of reporting to be considered more meaningful, the Group have presented the alternative performance measurements below under both bases.

Net revenue

Definition
This comprises of 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		**IFRS15 Six months ended 31 March 2019 $'000**	**IAS18 Six months ended 31 March 2019 $'000**	Six months ended 31 March 2018 $'000
Revenue	Income Statement	**656,639**	**656,639**	675,307
Revenue – IFRS15 impact	Note 18	**-**	**2,150**	-
Pass - through revenue		**(110,474)**	**(110,474)**	(106,634)
Net revenue		**546,165**	**548,315**	568,673

Adjusted operating profit

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		**IFRS15 Six months ended 31 March 2019 $'000**	**IAS18 Six months ended 31 March 2019 $'000**	Six months ended 31 March 2018 $'000
Operating profit	Income Statement	**34,074**	**34,074**	2,440
Operating profit - IFRS15 impact	Note 18	**-**	**2,690**	-
Transaction costs	Income Statement	**813**	**813**	974
Amortisation of acquired intangible assets	Note 9	**15,551**	**15,551**	15,238
Exceptional items	Note 5	**15,164**	**15,164**	48,703
Adjusted operating profit		**65,602**	**68,292**	67,355

Additional Information (continued)

Key performance indicators and non-IFRS performance measures

Adjusted profit before tax

Definition

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

Calculation		IFRS15 Six months ended 31 March 2019 $'000	IAS18 Six months ended 31 March 2019 $'000	Six months ended 31 March 2018 $'000
Profit before tax	Income Statement	**30,308**	**30,308**	1,747
Profit before tax – IFRS15 impact	Note 18	**-**	**2,690**	-
Transaction costs	Income Statement	**813**	**813**	974
Amortisation of acquired intangible assets	Note 9	**15,551**	**15,551**	15,238
Exceptional items	Note 5	**15,164**	**15,164**	45,234
Adjusted profit before tax		**61,836**	**64,526**	63,193

Adjusted operating margin

Definition

Measures the adjusted operating profit as a percentage of revenue.

Calculation		IFRS15 Six months ended 31 March 2019 $'000	IAS18 Six months ended 31 March 2019 $'000	Six months ended 31 March 2018 $'000
Adjusted operating profit	Per above	**65,602**	**68,292**	67,355
Revenue	Income Statement/ Note 18	**656,639**	**658,789**	675,307
Adjusted operating margin		**10.0%**	**10.4%**	10.0%

Adjusted net operating margin

Definition

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

Calculation		IFRS15 Six months ended 31 March 2019 $'000	IAS18 Six months ended 31 March 2019 $'000	Six months ended 31 March 2018 $'000
Adjusted operating profit	Per above	**65,602**	**68,292**	67,355
Net revenue	Per above	**546,165**	**548,315**	568,673
Net operating margin		**12.0%**	**12.5%**	11.8%

Additional Information (continued)

Key performance indicators and non-IFRS performance measures

Adjusted effective tax rate

Definition

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

Calculation		**Six months ended 31 March 2019 $'000**	Six months ended 31 March 2018 $'000
Tax charge	Income Statement	**7,115**	580
Tax relief with respect to transaction costs		**40**	79
Deferred tax credit with respect to acquired intangible amortisation		**3,642**	3,357
Tax relief with respect to exceptional items	Note 5	**209**	(1,032)
Deferred tax credit associated with the US Tax Cuts and Jobs Act	Note 5	**-**	9,715
Income tax expense before exceptional, transaction costs and deferred tax attaching to amortisation of acquired intangible assets		**11,006**	12,699
Adjusted profit before tax	Per above	**61,836**	63,193
Adjusted effective tax rate		**17.8%**	20.1%

Return on capital employed (ROCE)

Definition

ROCE is the 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 adjusted for the historical amortisation of acquired intangible assets and restructuring charges.

Calculation		**IFRS15 As at 31 March 2019 $'000**	**IAS18 As at 31 March 2019 $'000**	As at 31 March 2018 $'000
Net assets	Balance Sheet	**892,675**	**892,675**	875,524
Net assets – IFRS 15 impact	Note 18	**-**	**(1,611)**	-
Net assets		**892,675**	**891,064**	875,524
Net debt	Note 11	**56,781**	**56,781**	46,597
Assets before net debt		**949,456**	**947,845**	922,121
Cumulative intangible amortisation		**197,173**	**197,173**	201,525
Cumulative restructuring costs		**25,714**	**25,714**	93,655
Total capital employed		**1,172,343**	**1,170,732**	1,217,301
Average total capital employed		**1,194,822**	**1,194,017**	1,069,862
Rolling 12 month adjusted operating profit		**145,753**	**148,443**	137,861
Return on capital employed		**12.2%**	**12.4%**	12.9%

Additional Information (continued)

Key performance indicators and non-IFRS performance measures

Adjusted and annualised EBITDA

Definition

Adjusted EBITDA is used internally for performance management and is also a useful supplemental measure for external stakeholders. Adjusted EBITDA is adjusted operating profit (operating profit before amortisation of acquired intangible assets, transaction costs and exceptional items) before depreciation, share-based payment expense, amortisation of computer software, the share of joint venture (loss)/profits and profit/(loss) on disposal of property, plant and equipment.

The annualised EBITDA used for debt covenant compliance purposes, amends adjusted EBITDA to include the annualisation of the EBITDA for acquisitions and exclude share-based payment expense, transaction costs and the EBITDA of completed disposals.

Calculation	**IFRS15 6 months ended 31 March 2019 $'000**	**IAS18 6 months ended 31 March 2019 $'000**	6 months ended 31 March 2018 $'000	**IFRS15 12 months ended 31 March 2019 $'000**	**IAS18 12months ended 31 March 2019 $'000**	12 months ended 31 March 2018 $'000
Operating profit	**34,074**	**34,074**	2,440	**37,135**	37,135	58,847
Operating profit – IFRS 15 impact	**-**	**2,690**	-	**-**	2,690	-
Exceptional items	**15,164**	**15,164**	48,703	**75,091**	75,091	48,703
Transaction costs	**813**	**813**	974	**2,213**	2,213	3,250
Amortisation of acquired intangible assets	**15,551**	**15,551**	15,238	**31,314**	31,314	27,061
Adjusted operating profit	**65,602**	**68,292**	67,355	**145,753**	148,443	137,861
Share-based payment expense	**2,521**	**2,521**	2,563	**5,027**	5,027	4,477
Depreciation	**11,764**	**11,764**	12,028	**24,213**	24,213	23,321
Amortisation of computer software	**3,657**	**3,657**	2,615	**7,078**	7,078	4,699
Joint venture profit share	**418**	**418**	(137)	**(403)**	(403)	(365)
Profit on disposal of property, plant and equipment	**(678)**	**(678)**	(274)	**(744)**	(744)	(254)
Adjusted EBITDA	**83,284**	**85,974**	84,150	**180,924**	183,614	169,739
Share-based payment expense				**(5,027)**	(5,027)	(4,477)
Transaction costs				**(2,213)**	(2,213)	(3,250)
EBITDA of completed disposals				**(1,138)**	(1,138)	-
Annualised EBITDA of acquisitions[1]				**2,026**	2,026	5,700
Annualised EBITDA				**174,572**	177,262	167,712

[1] Includes EBITDA for acquisitions which were not part of the Group for the full financial year.

Financial ratios

Definition

The net debt 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 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 is calculated in Note 11.

Additional Information (continued)

Key performance indicators and non-IFRS performance measures

Constant currency

Definition

The translation of foreign denominated earnings can be impacted by movements in foreign exchange rates versus US dollars, the Group's presentation currency. In order to present a better reflection of underlying performance in the year, the Group retranslates foreign denominated prior year earnings at current year exchange rates.

	IFRS15 Six months ended 31 March 2019	**IAS18 Six months ended 31 March 2019**	Six months ended 31 March 2018
Revenue - constant currency	**$'000**	**$'000**	$'000
Revenue	**656,639**	**658,789**	675,307
Currency impact	**-**	**-**	(17,848)
Revenue - constant currency	**656,639**	**658,789**	657,459
Revenue - constant currency increase on H1 2018	**(820)**	**1,330**	
Revenue - constant currency increase on H1 2018 %	**(0%)**	**0%**	
Revenue – constant currency – excluding Aquilant	**$'000**	**$'000**	$'000
Revenue	**656,639**	**658,789**	621,390
Currency impact	**-**	**-**	(15,148)
Revenue – constant currency	**656,639**	**658,789**	606,242
Revenue – constant currency increase on H1 2018	**50,397**	**52,547**	
Revenue - constant currency increase on H1 2018 %	**8%**	**9%**	
Net revenue - constant currency	**$'000**	**$'000**	$'000
Net revenue	**546,165**	**548,315**	568,673
Currency impact	**-**	**-**	(15,553)
Revenue - constant currency	**546,165**	**548,315**	553,120
Revenue – constant currency increase on H1 2018	**(6,955)**	**(4,805)**	
Revenue - constant currency increase on H1 2018 %	**(1%)**	**(1%)**	
Net Revenue – constant currency – excluding Aquilant	**$'000**	**$'000**	$'000
Net revenue	**546,165**	**548,315**	514,756
Currency impact	**-**	**-**	(12,853)
Net revenue - constant currency	**546,165**	**548,315**	501,903
Net revenue – constant currency increase on H1 2018	**44,262**	**46,412**	
Net revenue - constant currency increase on H1 2018	**9%**	**9%**	
Adjusted operating profit - constant currency	**$'000**	**$'000**	$'000
Adjusted operating profit	**65,602**	**68,292**	67,355
Currency impact	**-**	**-**	(1,136)
Adjusted operating profit - constant currency	**65,602**	**68,292**	66,219
Adjusted operating profit - constant currency increase on 2018	**(617)**	**2,073**	
Adjusted operating profit - constant currency increase on 2018 %	**(1%)**	**3%**	

Additional Information (continued)

Key performance indicators and non-IFRS performance measures

Constant currency (continued)

	IFRS15 Six months ended 31 March 2019	**IAS18 Six months ended 31 March 2019**	Six months ended 31 March 2018
Adjusted operating profit - constant currency – excluding Aquilant	**$'000**	**$'000**	$'000
Adjusted operating profit	**65,602**	**68,292**	64,488
Currency impact	**-**	**-**	(998)
Adjusted operating profit – constant currency	**65,602**	**68,292**	63,490
Adjusted operating profit – constant currency increase on 2018	**2,112**	**4,802**	
Adjusted operating profit – constant currency increase on 2018 %	**3%**	**8%**	
Adjusted profit before tax - constant currency			
Adjusted profit before tax	**61,836**	**64,526**	63,193
Currency impact	**-**	**-**	(1,011)
Adjusted profit before tax - constant currency	**61,836**	**64,526**	62,182
Adjusted profit before tax - constant currency increase on 2018	**(346)**	**2,344**	
Adjusted profit before tax - constant currency increase on 2018 %	**(1%)**	**4%**	
Adjusted diluted earnings per share ('EPS') - constant currency	**$'000**	**$'000**	$'000
Adjusted profit attributable to owners of the parent	**50,826**	**53,037**	50,417
Currency impact	**-**	**-**	(745)
Adjusted profit attributable to owners of the parent - constant currency	**50,826**	**53,037**	49,672
Weighted average number of shares used in diluted EPS calculation	**250,069,757**	**250,069,757**	249,658,841
Adjusted diluted EPS - constant currency (cent)	**20.32**	**21.21**	19.90
Adjusted diluted EPS - constant currency increase on 2018 (cent)	**0.43**	**1.31**	
Adjusted diluted EPS - constant currency increase on 2018 %	**2%**	**7%**	

The dividend per share constant currency increase on 2018 percentage disclosed is the same as actual percentage increase in dividend per share as this is based on the disclosed US dollars dividend per share.