ERGOMED PLC

INTERIM STATEMENT

Ergomed plc: Interim results for the six months ended 30 June 2014

Strong first half trading performance
Significant backlog of signed contracts
Four co-development projects on track
IPO completed and PrimeVigilance acquired in July 2014

Guildford, UK – **30 September 2014**: Ergomed plc, ('Ergomed', AIM: ERGO) a profitable UK-based company dedicated to the provision of specialised services to the pharmaceutical industry and the development of new drugs, today announces its interim results for the six months ended 30 June 2014.

KEY HIGHLIGHTS

Financial highlights

Ergomed plc

- Revenues up 14% in H1 2014 to £7.8 million from £6.9 million in H1 2013
- Recurring revenues (excluding milestones) up 40% in H1 2014 to £7.8 million from £5.6 million in H1 2013
- Recurring operating profit up in H1 2014 to £1.0 million from £0.2 million in H1 2013 (excluding non-recurring milestone received in H1 2013)
- Net assets £2.6 million (H1 2013 - £1.7 million; 31 December 2013 - £1.9 million
- Cash and cash equivalents of £1.6 million as of 30 June 2014 (H1 2013 - £2.6 million; 31 December 2013 - £1.9 million)

Pro forma numbers for H1 (including PrimeVigilance (PV) acquired at IPO post-period end in July 2014)

- *Pro forma* total revenues increased by 20% in H1 2014 to £10.4 million (H1 2013:£8.6 million)
- *Pro forma* recurring revenues (excluding milestones) up 42% in H1 2014 to £10.4 million from £7.3 million in H1 2013
- *Pro forma* recurring operating profit increased in H1 2014 to £1.5 million from £0.4 million in H1 2013 (excluding non-recurring milestone received in H1 2013)
- *Pro forma* Net assets £3.2 million (H1 2013 - £2.0 million; 31 December 2013 - £2.5 million)
- *Pro forma* Cash and cash equivalents of £1.9 million as of 30 June 2014 (H1 2013 - £2.9 million; 31 December 2013 - £2.2 million)

Operational highlights (including PrimeVigilance acquired post-period end)

- Service contracts with a value of £11.2 million signed for clinical studies and pharmacovigilance in H1 2014 – strong backlog of awarded contracts of over £60 million
- Ferrer's Lorediplon for insomnia Phase II co-development deal signed in January 2014
- Three Phase III oncology co-development portfolio assets progressing well through ongoing studies. Potential to receive over $100 million in future revenues if successful. Results due in next two to three years
- PrimeVigilance awarded 2014 Queen's Award for Enterprise in the International Trade Category
- Completion of significant safety base upgrade in PrimeVigilance to version 7 of ARISg and AG Inquirer
- Medical Information business launched in Q1 2014 and first clients signed
- Strengthened Board with appointments of Rolf Stahel as Chairman and Peter George as Non-executive Director

Post-period end highlights

- Raised gross proceeds of £11 million before expenses of £1.3 million following successful initial public offering (IPO) on the AIM Market of the London Stock Exchange in July 2014

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- Acquired PrimeVigilance at the time of IPO for £6 million in cash and £3 million in Ergomed plc ordinary shares
- Appointment of Dr Sy-Shi Wang as Executive Director Clinical Operations and Christopher Collins as Non-executive Director

Commenting on the results, Miroslav Reljanovic, Chief Executive Officer of Ergomed plc, said:

"Ergomed has delivered excellent results for the first half of 2014 and is well positioned for the rest of the year and into 2015. We have made very good progress, achieving significant year-on-year growth and are on track to deliver another year of strong performance.

"Our successful IPO in July provides a platform for future growth and the addition of PrimeVigilance strengthens our services offering. Our balanced, profitable, healthcare services business, combined with an exciting co-development portfolio, has the potential to deliver significant value in the next few years."

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About Ergomed plc

Founded in 1997, Ergomed plc is a profitable UK-based company, providing drug development services to the pharmaceutical industry and has a growing portfolio of co-development partnerships. It operates in over 40 countries.

Ergomed provides clinical development, trial management and pharmacovigilance services to over 60 clients ranging from top 10 pharmaceutical and generics companies to small and mid-sized drug development companies. Ergomed successfully manages clinical development from Phase I through to late phase programmes.

Ergomed has wide therapeutic expertise, with a particular focus in oncology, neurology and immunology and the development of orphan drugs. Ergomed's approach to clinical trials is differentiated from that of other providers by its innovative Study Site Management model and the use of Study Physician Teams, resulting in a close relationship between Ergomed and the physicians involved in clinical trials.

As well as providing high quality clinical development services, Ergomed is building a portfolio of co-development partnerships with pharma and biotech companies. Here, Ergomed shares the risks and rewards of drug development, leveraging its expertise and services in return for carried interest in the drugs under development – a low risk investment model for potential high returns. For further information, visit: http://ergomedplc.com

Forward Looking Statements

Certain statements contained within the announcement are forward looking statements and are based on current expectations, estimates and projections about the potential returns of Ergomed plc ("Ergomed") and industry and markets in which Ergomed operates, the Directors' beliefs and assumptions made by the Directors. Words such as "expects", "anticipates", "should", "intends", "plans", "believes", "seeks", "estimates", "projects", "pipeline" and variations of such words and similar expressions are intended to identify such forward looking statements and expectations. These statements are not guarantees of future performance or the ability to *identify and consummate investments and involve certain risks, uncertainties, outcomes of negotiations and due diligence and assumptions that are difficult to predict, qualify or quantify. Therefore, actual outcomes and results may differ materially from what is expressed in such forward looking statements or expectations. Among the factors that could cause actual results to differ materially are: the general economic climate, competition, interest rate levels, loss of key personnel, the result of legal and commercial due diligence, the availability of financing on acceptable terms and changes in the legal or regulatory environment.*

These forward-looking statements speak only as of the date of this announcement. Ergomed expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein to reflect any change in Ergomed's expectations with regard thereto, any new information or any change in events, conditions or circumstances on which any such statements are based, unless required to do so by law or any appropriate regulatory authority.

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Interim Management Report

Introduction

Ergomed has two complementary businesses:

1. The Services Business – a well-established, clinical research business providing services to the pharmaceutical and biotechnology industry; and

2. The Co-Development Business – a growing portfolio of drug development partnerships with pharmaceutical and biotech companies. Under these agreements, Ergomed is contributing significantly to reduce the total cost of the clinical trial to the partner, and in return will receive a share of any future proceeds generated from the commercialisation of the partnered drug asset. Such proceeds can be generated from shorter term licensing deals and milestones and/or longer term product sales or royalties.

The acquisition of PrimeVigilance in July 2014 adds an additional service business focused on post-marketing safety services.

Ergomed has a clear growth strategy to become one of the leading global providers for:

- Rare disease/orphan drug development services
- Post marketing services e.g. drug safety and medical information (pharmacovigilance)
- Co-development partnerships

Business update

We are pleased to report strong progress in 2014 are excited by the continued prospects for growth. We remain on track with the strategic plans set out during our IPO on the AIM market in July 2014.

Global demand for quality drug development services remains strong and Ergomed is benefiting from this demand. In addition, the fund raising environment for biotech in the US will increase the need for clinical trial related services. Ergomed has significant experience of working with such biotech companies and has a track record of being able to tailor its full service capability to meet biotech clients' particular requirements. Ergomed is also in the unique position of offering co-development partnerships and is committed to building its portfolio of co-development assets and delivering significant clinical data, thereby creating shareholder value in the next few years.

Ergomed was very pleased to acquire PrimeVigilance at the IPO. PrimeVigilance is a fast growing business with a strong brand in its sector. Its specialisation in marketed drug safety services broadens the overall Ergomed offering. While Ergomed is principally R&D focussed, PrimeVigilance typically targets companies marketing pharmaceutical and/or generic drugs. There is also the potential for synergy and cross selling between the two companies through their well-established business development networks.

Ergomed is pleased to announce that Dr. Wang joins Ergomed Group from a US biotechnology company where she was the Executive Director and the Head of Clinical Operations responsible for all global strategic and executional aspects of clinical operations. Dr. Wang is US based but has extensive international experience including Asia which is a key target market for Ergomed as stated in the Admission Document at IPO.

Co-development update

Announced in September 2014, Ergomed's four co-development partnerships continue to progress well. Three partnerships are with US listed companies all of which are Phase III oncology projects and the fourth agreement with Ferrer, signed in January 2014, is a Phase II study in insomnia. Under these agreements, Ergomed is contributing to the cost of the clinical trials and in return will receive a share of any proceeds generated from the commercialisation of the partnered drug asset. These interim statements include the receipt of such a co-development milestone of £1.3 million in H1 2013. Ergomed has the potential to receive over $100 million in future revenues from the three ongoing co-development deals it has in oncology with three different US listed biotechnology companies. The actual amounts that will be earned are dependent on the projects' future clinical results and also their subsequent commercialisation. Additional partnerships such as the one signed earlier in 2014 with Ferrer and new partnerships yet to be completed will add to this significant potential future income.

CEL-SCI (NYSE MKT: CVM)*:* Ergomed is working with CEL-SCI on the largest ever Phase III study in head and neck cancer with lead product Multikine. The trial will enrol approximately 880 patients with advanced primary head and neck cancer. CEL-SCI recently announced that a total of 252 patients had been enrolled, representing over one quarter of the total enrolment for the study. Four clinical sites in the U.S. have been added and the trial is currently being expanded into the UK, Austria, Sri Lanka, Turkey and France. Ergomed and CEL-SCI have also agreed to commence Phase I studies in the additional indication of peri-anal warts in HIV/HPV co-infected patients and have commenced planning for a Phase II study in cervical dysplasia in HIV/HPV co-infected patients.

Synta Pharmaceuticals (NASDAQ:SNTA**)**: Ergomed is in a co-development partnership on Synta's lead development candidate, ganetespib, in clinical studies for a number of cancer indications. Synta reported final results from the global, randomized, multi-center Phase IIb GALAXY-1 study in advanced non-small cell lung cancer (NSCLC) adenocarcinoma in May 2014. Final results from this trial, in particular encouraging overall survival results and tolerability profile in chemosensitive patients, supports the selection of the chemosensitive population for the pivotal Phase III GALAXY-2 trial. Synta's pivotal Phase III GALAXY-2 trial of ganetespib and docetaxel vs. docetaxel alone for the 2nd line treatment of patients with NSCLC adenocarcinoma remains on track to meet previously guided data readout timelines in the second half of 2015 and the final analysis to be conducted in the first half of 2016. In July 2014, Synta announced the advancement of ganetespib into a Phase III extension of the AML LI-1 (less intensive) trial in newly diagnosed elderly patients with acute myeloid leukemia (AML) or high-risk myelodysplastic syndrome (MDS) who are not eligible for intensive chemotherapy. In addition, Synta has recently announced that enrolment has begun in the Phase 1 safety portion of the GANNET53 trial in ovarian cancer.

Aeterna Zentaris Inc. (NASDAQ: AEZS; TSX: AEZ)*:* Ergomed is working with Aeterna Zentaris on the Phase III pivotal trial comparing zoptaerlin doxorubicin with doxorubicin ("ZoptEC" study) as second line therapy for locally-advanced, recurrent or metastatic endometrial cancer. The ZoptEC study is being conducted in North America, Europe, Israel and other countries under a Special Protocol Assessment and will involve approximately 500 patients. The primary efficacy endpoint is improvement in median overall survival. Aeterna Zentaris recently announced that over 115 sites are now in operation and more than half of the patients have been enrolled. The ZoptEC study is on track to reach the number of patients required to secure the first interim analysis in the first half of 2015.

Ferrer*:* Ergomed is on track to start the Phase II study in insomnia in Q4 2014 with first patient dosed early in 2015. Site selection and initiation has commenced and the study is on plan.

Financial review of Condensed Consolidated Accounts

Excluding the post-period end acquisition of PrimeVigilance, total Ergomed revenues for H1 2014 increased by 14% to £7.8 million (H1 2013 £6.9 million). The total figure for H1 2013 includes a non-recurring milestone of £1.3 million. Therefore, recurring revenues from service contracts increased by 40% in H1 2014 compared with H1 2013. Operating profit from recurring revenues (after adjusting for the effect of the non-recurring co-development milestone income of £1.3 million received in H1 2013) has increased to £0.97 million in H1 2014 (adjusted H1 2013: £0.24 million).

Cash and working capital were in line with expectations as of 30 June 2014. Post period end, the IPO raised £11 million before expenses of £1.3 million. £6 million of the Company's total cash reserves after IPO were utilised to partially fund the acquisition of PrimeVigilance. Despite this outflow, Ergomed's balance sheet remains strong and sufficient for on-going business requirements.

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Current trading and Outlook

Ergomed is on track to deliver another year of strong performance. Post-IPO, the Company has a strong balance sheet and a good backlog of signed contracts that will be delivered over the next few years. The co-development division has a strong set of leads under discussion and the Board expect to sign new contracts in the near future in line with its stated strategy. The PrimeVigilance drug safety business is also trading in line with expectations and has a strong order book. Ergomed is looking at several growth opportunities to add to its international footprint and strengthen its service offerings as outlined in the IPO Admission Document. The Board is confident on the outlook for Ergomed as a newly listed company.

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INDEPENDENT REVIEW REPORT TO ERGOMED PLC

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2014 which comprises the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated cash flow statement and related notes 1 to 8. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

Directors’ responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with the AIM Rules of the London Stock Exchange.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report have been prepared in accordance with the accounting policies the Group intends to use in preparing its next annual financial statements.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2014 is not prepared, in all material respects, in accordance with the AIM Rules of the London Stock Exchange.

Deloitte LLP

Chartered Accountants and Statutory Auditor

Cambridge, UK

29 September 2014

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Condensed Consolidated Income Statement
For the six months ended 30 June 2014

	Note	Unaudited Six months ended 30 June 2014 £000s	Unaudited Six months ended 30 June 2013 £000s	Audited Year ended 31 December 2013 £000s
REVENUE				
Recurring service revenue		7,849	5,618	13,852
Milestone revenue		-	1,295	1,295
TOTAL REVENUE		7,849	6,913	15,147
Cost of sales		(5,754)	(4,417)	(10,146)
Gross profit		2,095	2,496	5,001
Administrative expenses		(1,110)	(933)	(3,171)
Depreciation expense		(30)	(31)	(63)
Other operating income		10	1	9
OPERATING PROFIT		965	1,533	1,776
Finance income		-	1	4
Finance costs		(1)	(2)	(2)
PROFIT BEFORE TAXATION		964	1,532	1,778
Taxation		(218)	(200)	(232)
PROFIT FOR THE PERIOD		746	1,332	1,546
EARNINGS PER SHARE				
Basic	2	3.7p	6.7p	7.7p
Diluted	2	3.6p	6.4p	7.4p
ADJUSTED EARNINGS PER SHARE *				
ADJUSTED PROFIT FOR THE PERIOD		746	206	420
Basic		3.7p	1.0p	2.1p
Diluted		3.6p	1.0p	2.0p

* Adjusted to remove milestone payment net of tax, to show EPS based on recurring revenue streams.

All activities in the current and prior period relate to continuing operations.

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Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2014

	Unaudited Six months ended 30 June 2014 £000s	Unaudited Six months ended 30 June 2013 £000s	Audited Year ended 31 December 2013 £000s
Profit for the period	746	1,332	1,546
Items that may be classified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	(56)	(14)	8
Other comprehensive income for the period net of tax	(56)	(14)	8
Total comprehensive income for the period	690	1,318	1,554

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Condensed Consolidated Statement of Financial Position
At 30 June 2014

	Note	Unaudited 30 June 2014 £000s	Unaudited 30 June 2013 £000s	Audited 31 December 2013 £000s
Non current assets				
Goodwill	3	1,332	-	1,332
Property, plant and equipment		134	170	148
Deferred tax asset		2	18	2
		1,468	188	1,482
Current assets				
Trade and other receivables	4	3,049	2,550	3,283
Cash and cash equivalents		1,601	2,591	1,950
		4,650	5,141	5,233
Total assets		6,118	5,329	6,715
Current liabilities				
Borrowings		(7)	(69)	(29)
Trade and other payables	5	(3,323)	(3,376)	(4,615)
Taxation		(187)	(196)	(156)
Total current liabilities		(3,517)	(3,641)	(4,800)
Net current assets		1,133	1,500	433
Non-current liabilities				
Borrowings		(4)	(17)	(8)
Total liabilities		(3,521)	(3,658)	(4,808)
Net assets		2,597	1,671	1,907
Equity				
Share capital		200	200	200
Share option reserve		24	24	24
Translation reserve		(137)	(103)	(81)
Retained earnings		2,510	1,550	1,764
Total equity		2,597	1,671	1,907

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Condensed Consolidated Statement of Changes in Equity
For the six months ended 30 June 2014

	Share capital	Share option reserve	Translation reserve	Retained earnings	Total
	£000s	£000s	£000s	£000s	£000s
Balance at 31 December 2012*	200	24	(89)	218	353
Profit for the six month period**	-	-	-	1,332	1,332
Other comprehensive income for the period**	-	-	(14)	-	(14)
Total comprehensive income for the period**	-	-	(14)	1,332	1,318
Balance at 30 June 2013**	200	24	(103)	1,550	1,671

* Audited
** Unaudited

	Share capital	Share option reserve	Translation reserve	Retained earnings	Total
	£000s	£000s	£000s	£000s	£000s
Balance at 31 December 2012*	200	24	(89)	218	353
Profit for the year*	-	-	-	1,546	1,546
Other comprehensive income for the year*	-	-	8	-	8
Total comprehensive income for the period*	-	-	8	1,546	1,554
Balance at 31 December 2013*	200	24	(81)	1,764	1,907
Profit for the six month period**	-	-	-	746	746
Other comprehensive income for the period**	-	-	(56)	-	(56)
Total comprehensive income for the period**	-	-	(56)	746	690
Balance at 30 June 2014**	200	24	(137)	2,510	2,597

* Audited
** Unaudited

Condensed Consolidated Cash Flow Statement
For the six months ended 30 June 2014

	Unaudited Six months ended 30 June 2014 £000s	Unaudited Six months ended 30 June 2013 £000s	Audited Year ended 31 December 2013 £000s
Cash flows from operating activities			
Profit before taxation	964	1,532	1,778
Adjustment for:			
Finance income	-	(1)	(5)
Finance expenses	1	2	1
Depreciation	30	31	63
Profit on disposal of fixed assets	(9)	(2)	(15)
Exchange adjustments	(53)	(18)	8
Operating cash flow before changes in working capital and provisions	933	1,544	1,830
Decrease in trade and other receivables	234	1,049	618
Decrease in trade and other payables	(1,256)	(363)	(978)
Cash (utilised in)/generated from operations	(89)	2,230	1,470
Taxation paid	(222)	(37)	(93)
Net cash (outflow)/inflow from operating activities	(311)	2,193	1,377
Investing activities			
Finance income received	-	1	5
Acquisition of property, plant and equipment	(20)	(31)	(70)
Acquisition of subsidiary	-	-	(669)
Receipts from sale of property, plant and equipment	9	2	38
Net cash outflow from investing activities	(11)	(28)	(696)
Financing activities			
Finance expense paid	(1)	(2)	(1)
Increase in borrowings	-	8	-
Repayment of borrowings	(26)	(25)	(66)
Net cash outflow from financing activities	(27)	(19)	(67)
Net (decrease)/increase in cash and cash equivalents	(349)	2,146	614
Cash on acquisition of subsidiary	-	-	891
Cash and cash equivalents at start of the year	1,950	445	445
Cash and cash equivalents at end of year	1,601	2,591	1,950

Notes

1. GENERAL INFORMATION

This condensed consolidated interim financial information does not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2013 were approved by the Board of Directors and have been delivered to the Registrar of Companies. The audit report on those accounts was unqualified, did not draw attention to any matters by way of emphasis and did not contain any statement under section 498(2) or (3) of the Companies Act 2006.

At 30 June 2014 Ergomed had cash resources of £1.6 million. Post period end Ergomed issued shares, raising an additional £11 million before expenses of £1.3 million from an IPO completed in July 2014.

Risks and uncertainties

An outline of the key risks and uncertainties faced by the Group was described in the Company's AIM Admission Document, including competition; dependence on a small number of customers; legislation and regulation of the pharmaceutical and biotechnology industries; licencees, approvals and compliance; and the potential for cancellation or delay of clinical studies by customers. It is anticipated that the risk profile will not significantly change for the remainder of the year. Risk is an inherent part of doing business and the profitability and strong cash position of the Group, along with the growth profile of the business, leads the Directors to believe that the Group is well placed to manage business risks successfully.

Going concern

The Directors are satisfied that the Company has sufficient resources to continue in operation for the foreseeable future, a period of not less than 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the financial information for the six months ended 30 June 2014.

Business Combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred on acquisition is the fair value at the date of transaction for assets and liabilities transferred. All acquisition related costs are expensed as incurred.

Goodwill arises as the excess of acquisition cost over the fair value of the assets transferred at the date of transaction. Goodwill is reviewed for impairment annually, and is carried at cost less accumulated impairment losses. Impairment losses are not reversed in subsequent periods.

Goodwill arising on the acquisition of a foreign operation, including any fair value adjustments to the carrying amounts of assets or liabilities on the acquisition, are treated as assets and liabilities of that foreign operation in accordance with IAS 21 and as such are translated at the relevant foreign exchange rate at the balance sheet date.

Adoption of new and revised standards

The following new standards and amendments have been applied for the first time during the year ending 31 December 2014:

- IFRS 13 'Fair value measurement' measurement and disclosure requirements are applicable for the financial year.
- Amendments to IAS 1 'Presentation of financial statements' are applicable for the financial year. The Group has included the relevant disclosure requirements within the condensed interim financial statements.
- In addition, IFRS 10 'Consolidated financial statements' is applicable for the financial year and have not had a material impact on the Group.

There are no new standards that have been issued but are not yet effective for the financial year that are expected to have a material impact on the Group.

2. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following data:

	Unaudited Six months ended 30 June 2014 £'000	**Unaudited Six months ended 30 June 2013 £'000**	**Audited Year ended 31 December 2013 £'000**
Earnings for the purposes of basic earnings per share being net profit attributable to owners of the Company	746	1,332	1,546
Effect of dilutive potential ordinary shares	-	-	-
Earnings for the purposes of diluted earnings per share	746	1,332	1,546
	No.	**No.**	**No.**
Number of shares			
Weighted average number of ordinary shares for the purposes of basic earnings per share	20,000,000	20,000,000	20,000,000
Effect of dilutive potential ordinary shares			
Share options	993,750	941,176	941,176
Weighted average number of ordinary shares for the purposes of diluted earnings per share	20,993,750	20,941,176	20,941,176

3. GOODWILL

	Unaudited 30 June 2014 £000s	Unaudited 30 June 2013 £000s	Audited 31 December 2013 £000s
Cost and carrying amount			
Goodwill	1,332	-	1,332

The goodwill arising during the year ended 31 December 2013 relates to the acquisition of Ergomed Virtuoso Sarl on 30 September 2013. The valuation of goodwill is a preliminary assessment. The measurement period ends on 1 October 2014 and the final measurement will be included in the audited financial statements for the year ended 31 December 2014.

4. TRADE AND OTHER RECEIVABLES

	Unaudited 30 June 2014 £000s	Unaudited 30 June 2013 £000s	Audited 31 December 2013 £000s
Trade receivables	2,319	1,950	2,336
Amounts receivable from related parties	252	187	91
Other receivables	259	212	366
Prepayments and accrued income	219	201	490
	3,049	2,550	3,283

5. TRADE AND OTHER PAYABLES

	Unaudited 30 June 2014 £000s	Unaudited 30 June 2013 £000s	Audited 31 December 2013 £000s
Trade creditors	1,290	1,725	2,526
Amounts payable to related parties	654	28	1,148
Social security and other taxes	88	102	80
Other payables	62	74	96
Accruals and deferred income	1,229	1,447	765
	3,323	3,376	4,615

6. SUBSEQUENT EVENTS

On 14 July 2014, the Company issued 6,875,000 shares raising gross proceeds of £11 million before expenses of £1.3 million. PrimeVigilance Limited was acquired for consideration comprising £6 million in cash and a further 1,875,000 shares (valued at £3 million based on the issue price). The shares of the Company were admitted to trading on AIM on 15 July 2014.

7. ACQUISITION OF SUBSIDIARY – PRIMEVIGILANCE LIMITED

On 15 July 2014, Ergomed plc acquired 100 per cent of the issued share capital of PrimeVigilance Limited, a leading provider of drug safety and medical information services. PrimeVigilance Limited was acquired in order to broaden the range of healthcare services provided by the business and to thereby increase the profitability of Ergomed plc.

The amounts provisionally recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below.

	£'000s
Property, Plant and Equipment	62
Intangible assets	280
Total non current assets	342
Trade and other debtors	698
Accrued income	347
Cash and equivalents	302
Current assets	1,347
Trade and other creditors	(967)
Deferred revenue	(101)
Financial liabilities	(1,068)
Total identifiable net assets	621
Goodwill	8,379
Total consideration	9,000
Satisfied by:	
Cash	6,000
Shares	3,000
Total consideration transferred	9,000
Net cash outflow arising on acquisition	
Cash consideration	6,000
Less: cash and cash equivalent balances acquired	(302)
	5,698

The provisional fair value of the financial assets includes receivables with a fair value of £698,000 and a gross contractual value of £698,000. The best estimate at acquisition date of the contractual cash flows not to be collected is £nil.

Goodwill is provisionally valued at £8,379,000 which arises from the excess of purchase price of £9,000,000 over net assets of £621,000. None of the goodwill is expected to be deductible for income tax purposes.

Owing to the limited time between acquisition and the presentation of these interim results, there has been insufficient time to complete an external valuation exercise. Accordingly, the amounts presented are management best estimates, and a full fair value exercise of identifiable assets acquired and liabilities assumed will be performed within the measurement period which ends on 15 July 2015.

If the acquisition of PrimeVigilance Limited had been completed on the first day of the financial year, group revenues for the six months ended 30 June 2014 would have been £2,539,000 higher and group profit would have been £299,000 higher.

8. ACQUISITION OF SUBSIDIARY – ERGOMED VIRTUOSO SARL

On 30 September 2013, the Group acquired 100 per cent of the issued share capital of Ergomed Virtuoso Sarl. Ergomed Virtuoso Sarl is a clinical research company. Ergomed Virtuoso Sarl was acquired in order to obtain a profitable clinical research business.

The amounts provisionally recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below.

	£'000s
Financial assets	1,191
Financial liabilities	(852)
Total identifiable assets	339
Goodwill	1,332
Total consideration	1,671
Satisfied by:	
Cash	1,671
Total consideration transferred	1,671
Net cash outflow arising on acquisition	
Cash consideration	1,671
Less: cash and cash equivalent balances acquired	(891)
	780

The provisional fair value of the financial assets includes receivables with a fair value of £180,000 and a gross contractual value of £180,000. The best estimate at acquisition date of the contractual cash flows not to be collected is £nil.

Goodwill is provisionally valued at £1,332,000 which arises from the excess of purchase price of £1,671,000 over net assets of £339,000. None of the goodwill is expected to be deductible for income tax purposes.

The amounts presented are management best estimates and a full fair value exercise of identifiable assets acquired and liabilities assumed will be completed within the measurement period.

Ergomed Virtuoso Sarl contributed £458,000 to revenue and £49,000 to the Group's profit for the period between the date of acquisition and 31 December 2013.

If the acquisition of Ergomed Virtuoso Sarl had been completed on the first day of the financial year ended 31 December 2013, group revenues for the period would have been £2,302,000 higher and group profit would have been £7,000 higher.

9. PRO FORMA FINANCIAL INFORMATION – UNAUDITED AND UNREVIEWED

On 15 July 2014, Ergomed plc acquired the entire share capital of PrimeVigilance Limited. The following *Pro Forma* financial information combines the financial results of Ergomed plc and PrimeVigilance Limited prior to that date for illustrative purposes. The results of PrimeVigilance Limited for the six months ended 30 June 2014 and the statement of financial position as at 30 June 2014 and the Pro forma adjustments are unaudited and unreviewed. The results of PrimeVigilance Limited for the year ended 31 December 2013 and the statement of financial position as at 31 December 2013 are based on the audited financial statements of that company. The audit report on those accounts was unqualified, did not draw attention to any matters by way of emphasis and did not contain any statement under section 498(2) or (3) of the Companies Act 2006. In addition, the results of Ergomed plc presented in this Pro Forma financial information are adjusted to remove the profit margin charged by a related party in relation to services provided to Ergomed plc, as such services will be provided from internal resources in the period following the IPO.

***Pro Forma* Consolidated Statement of Comprehensive Income – Unaudited and Unreviewed**
For the six months ended 30 June 2014

	Six months ended 30 June 2014		
	Ergomed	Prime Vigilance	Pro Forma
	£000s	£000s	£000s
REVENUE	7,849	2,539	10,388
Cost of sales	(5,614)	(1,475)	(7,089)
Gross profit	2,235	1,064	3,299
Administrative expenses	(1,040)	(713)	(1,753)
Depreciation expense	(30)	(18)	(48)
Other operating income	10	2	12
OPERATING PROFIT	1,175	335	1,510
Finance costs	(1)	(1)	(2)
PROFIT BEFORE TAXATION	1,174	334	1,508
Taxation	(265)	(35)	(300)
PROFIT FOR THE PERIOD	909	299	1,208

The results of Ergomed plc are adjusted to remove the profit margin on services provided by a related party.

ERGOMED PLC

INTERIM STATEMENT

	Six months ended 30 June 2013		
	Adjusted Ergomed £000s	Prime Vigilance £000s	Pro Forma £000s
REVENUE	6,913	1,720	8,633
Cost of sales	(4,383)	(1,037)	(5,420)
Gross profit	2,530	683	3,213
Administrative expenses	(931)	(519)	(1,450)
Depreciation expense	(31)	(6)	(37)
Other operating income	1	-	1
OPERATING PROFIT	1,569	158	1,727
Finance income	1	-	1
Finance costs	(2)	(1)	(3)
PROFIT BEFORE TAXATION	1,568	157	1,725
Taxation	(205)	(37)	(242)
PROFIT FOR THE PERIOD	1,363	120	1,483

The results of Ergomed plc are adjusted to remove the profit margin on services provided by a related party.

	Year ended 31 December 2013		
	Adjusted Ergomed	Prime Vigilance £000s	Pro Forma £000s
REVENUE	15,147	4,085	19,232
Cost of sales	(9,817)	(2,328)	(12,145)
Gross profit	5,330	1,757	7,087
Administrative expenses	(3,082)	(1,217)	(4,299)
Depreciation expense	(63)	(23)	(86)
Share options	-	(2)	(2)
Other operating income	9	-	9
OPERATING PROFIT	2,194	515	2,709
Finance income	4	-	4
Finance costs	(2)	(1)	(3)
PROFIT BEFORE TAXATION	2,196	514	2,710
Taxation	(287)	(120)	(407)
PROFIT FOR THE YEAR	1,909	394	2,303

The results of Ergomed plc are adjusted to remove the profit margin on services provided by a related party.

ERGOMED PLC

INTERIM STATEMENT

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 June 2014

	Unaudited and Unreviewed 30 June 2014		
	Ergomed £000s	**Prime Vigilance £000s**	**Pro Forma £000s**
Non current assets			
Goodwill	1,332	-	1,332
Intangible assets	-	280	280
Property, plant and equipment	134	62	196
Deferred tax asset	2	-	2
	1,468	342	1,810
Current assets			
Trade and other receivables	3,049	1,045	4,094
Cash and cash equivalents	1,601	302	1,903
	4,650	1,347	5,997
Total assets	6,118	1,689	7,807
Current liabilities			
Borrowings	(7)	-	(7)
Trade and other payables	(3,323)	(1,035)	(4,358)
Taxation	(187)	(8)	(195)
Total current liabilities	(3,517)	(1,043)	(4,560)
Net current assets	1,133	304	1,437
Non-current liabilities			
Borrowings	(4)	-	(4)
Deferred tax liability	-	(25)	(25)
Total liabilities	(3,521)	(1,068)	(4,589)
Net assets	2,597	621	3,218

ERGOMED PLC

INTERIM STATEMENT

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 June 2013

	Unaudited and Unreviewed		
	Ergomed £000s	**Prime Vigilance £000s**	**Pro Forma £000s**
Non current assets			
Intangible assets	-	27	27
Property, plant and equipment	170	73	243
Deferred tax asset	18	-	18
	188	100	288
Current assets			
Trade and other receivables	2,550	674	3,224
Cash and cash equivalents	2,591	261	2,852
	5,141	935	6,076
Total assets	5,329	1,035	6,364
Current liabilities			
Borrowings	(69)	-	(69)
Trade and other payables	(3,376)	(596)	(3,972)
Taxation	(196)	(67)	(263)
Total current liabilities	(3,641)	(663)	(4,304)
Net current assets	1,500	272	1,772
Non-current liabilities			
Borrowings	(17)	-	(17)
Deferred tax liability	-	(3)	(3)
Total liabilities	(3,658)	(666)	(4,324)
Net assets	1,671	369	2,040

ERGOMED PLC

INTERIM STATEMENT

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2013

	Ergomed £000s	Prime Vigilance £000s	Pro Forma £000s
Non current assets			
Goodwill	1,332	-	1,332
Intangible assets	-	100	100
Property, plant and equipment	148	58	206
Deferred tax asset	2	-	2
	1,482	158	1,640
Current assets			
Trade and other receivables	3,283	1,095	4,378
Cash and cash equivalents	1,950	261	2,211
	5,233	1,356	6,589
Total assets	6,715	1,514	8,229
Current liabilities			
Borrowings	(29)	-	(29)
Trade and other payables	(4,615)	(813)	(5,428)
Taxation	(156)	(52)	(208)
Total current liabilities	(4,800)	(865)	(5,665)
Net current assets	433	491	924
Non-current liabilities			
Borrowings	(8)	-	(8)
Deferred tax liability	-	(26)	(26)
Total liabilities	(4,808)	(891)	(5,699)
Net assets	1,907	623	2,530