Press Release

BTG plc: Final Results

London, UK, 19 May 2015: BTG plc (LSE: BTG), the specialist healthcare company, today announces its final results for the year ended 31 March 2015.

Financial summary

- Group revenue grew 27% to £367.8m (2013/14: £290.5m); underlying revenue growth at constant currency and allowing for the full year impact of EKOS and TheraSphere® was 21%
- Operating profit before acquisition adjustments and reorganisation costs was £67.9m (2013/14: £62.3m)
- Profit before tax of £26.7m (2013/14: £33.3m) reflected increased investments, the impact of acquisition and foreign exchange movements
- Adjusted earnings per share (excluding acquisition adjustments and reorganisation costs) were 8% higher at 15.7p (2013/14: 14.5p)
- Cash and cash equivalents were £73.8m at 31 March 2015 (£38.2m at 31 March 2014)

Operating highlights

Interventional Medicine

- Controlled US launch of Varithena® (polidocanol injectable foam) initiated and ongoing: positive patient and physician feedback received and steady progress being made in securing reimbursement coverage
- Continued growth of EkoSonic® due to increasing penetration of US hospitals, enhanced by the US Food and Drug Administration (FDA) clearance for use in the treatment of pulmonary embolism
- Now selling Beads and TheraSphere® directly through expanded EU sales force; DC Bead® approved in China
- PneumRx acquired: integration progressing well

Specialty Pharmaceuticals

- Good DigiFab® performance, continued Voraxaze® growth and steady sales of the snakebite treatment CroFab® have resulted in strong segment growth
- CroFab® patent litigation settled

Licensing

- Continued increase in royalties from Zytiga® (abiraterone acetate)
- Modest royalties from Lemtrada™ (alemtuzumab) following US approval

BTG's CEO, Louise Makin, commented: "We have delivered a good financial performance for the year, with each business delivering underlying growth of more than 20 percent. We have also made significant progress in expanding our Interventional Medicine business, including the US launch of Varithena®, indication expansion of EkoSonic®, the acquisition of PneumRx and the geographic expansion of our Interventional Oncology products. We look forward to another year of strong progress, confident that the strategy we are following will over time enable us to become a world leader in Interventional Medicine therapies and deliver significant value for all our stakeholders."

For further information contact:

BTG
Andy Burrows, VP Corporate & Investor Relations
+44 (0)20 7575 1741; Mobile: +44 (0)7990 530 605

Stuart Hunt, Investor Relations Manager
+44 (0)20 7575 1582; Mobile: +44 (0)7815 778 536

FTI Consulting
Ben Atwell/Simon Conway
+44 (0)20 3727 1000

About BTG

BTG is a growing international specialist healthcare company bringing to market innovative products in specialist areas of medicine to better serve doctors and their patients. We have a portfolio of Interventional Medicine products to advance the treatment of liver tumours, advanced emphysema, severe blood clots and varicose veins, and Specialty Pharmaceuticals that help patients overexposed to certain medications or toxins. Inspired by patient and physician needs, BTG is investing to expand its portfolio to address some of today's most complex healthcare challenges. To learn more about BTG, please visit: www.btgplc.com

Chairman’s statement

BTG has delivered another good financial performance, achieving a number of key milestones over the year and investing in the organisational capability and capacity to deliver sustainable, profitable growth. Strong revenue growth has enabled us to make investments to expand our commercial footprint, develop our pipeline and build a portfolio of innovative and patient-centric products.

Within Interventional Medicine, a new, dedicated US sales force commenced selling Varithena®, our novel varicose veins treatment, in August 2014. We expanded our European sales force for TheraSphere® from three to 25 people and subsequently started selling our Bead products through the same sales force in April 2015. DC Bead® was approved in China, and we started selling the product directly in Taiwan.

In January 2015 we completed the acquisition of PneumRx, Inc. and its RePneu® Coil system, a minimally invasive treatment for advanced emphysema, expanding into the emerging medical discipline of Interventional Pulmonology. Currently available in Europe, this product also has significant potential in the US through a fully recruited pivotal clinical trial that could lead to marketing approval in late 2016.

We also invested in our Specialty Pharmaceuticals business to maintain our leadership position in rescue therapies. In October 2014 we settled our patent action against parties we believed were infringing our patent on the US snakebite treatment CroFab®, removing uncertainty for our investors and allowing us to concentrate on continuing to deliver this first-class treatment to our customers and their patients.

Our strategy for success is to find specialist areas where we can become a commercial and technological leader by delivering clinically proven, differentiated treatment options to specialist physicians and underserved patient populations. This approach has led us to become a leading provider of rescue medicines and it is now enabling us to become a leader in Interventional Medicine therapies.

This is an exciting time for BTG. As we implement our organic growth plans in Interventional Medicine, we are continuing to seek new opportunities that complement our existing platforms and capabilities to ensure the sustainable, profitable growth of our business.

Garry Watts
Chairman

OPERATING REVIEW

Through the establishment and growth of our portfolio of interventional products and the US launch of Varithena®, BTG is becoming a leading company in the fast-growing world of Interventional Medicine therapies. During the year we added to our portfolio with the acquisition of PneumRx and its RePneu® Coil system, a leading interventional product for the treatment of advanced emphysema, for an initial cash consideration of US$231 million. This acquisition complements our Interventional Medicine business by expanding our expertise into an exciting and fast-growing area of medicine with a minimally invasive product that is backed by clinical data, addresses a significant unmet patient need and provides access to a specialist physician base.

We now have the platform to deliver our goal of organic growth in the Interventional Medicine business from revenue of approximately $200 million today to over $1.25 billion by 2021. This will be achieved through investing in continued geographic expansion, product innovation and indication expansion.

These investments are underpinned by our highly cash generative Specialty Pharmaceutical and Licensing segments. In the former we guide to mid to high single-digit average annual revenue growth and the latter, although no longer an active strategy, should continue to provide revenues well into the future.

During the year we initiated our controlled US launch of Varithena®, the first and only FDA approved microfoam for the treatment of great saphenous vein (GSV) system incompetence. The first commercial patients were treated in August 2014 and feedback from both patients and physicians has been very encouraging. More than 420 physicians are progressing through qualification, with over 215 having treated patients or in the process of scheduling patients for treatment. We are increasing our sales force as we expand physician outreach.

As a new product and procedure operating with interim reimbursement codes, with permanent codes not anticipated until approximately two years post-launch, we are providing support through a market access team and the Varithena® Solutions Center to help ensure the appropriate level of reimbursement for each procedure. To date, payers who insure approximately 50 million Americans (of 320 million people with insurance coverage) have established favourable coverage policies and have paid claims at the appropriate rates for both the product and the procedure.

Our controlled launch strategy is designed to “build the system” by encouraging physicians to evaluate the product, to demonstrate its clinical profile and patient acceptability, and establishing a smooth reimbursement process. This lays the foundations for us to build a $500m+ global Varithena® franchise, which will result from expanding access to additional clinics, gaining dedicated reimbursement codes, developing the self-pay market and progressing indication and geographic expansion plans. As a result of this controlled launch, we anticipate sales will build to between $15m - $25m in our 2015/16 financial year, with strong revenue growth anticipated from the financial year beginning in April 2016.

In May 2015, BTG purchased the residual financial interest of the originator of the Varithena® foam sclerotherapy technology for a one-off cash payment of £23m, ensuring that BTG retains 100% of the future value of Varithena®.

Sales of our EkoSonic® blood clot treatment device continue to grow strongly, driven largely by a greater awareness of the potential benefits of interventional treatment over the standard anticoagulation therapy. The 510(k) FDA clearance received in May 2014 to treat patients with pulmonary embolism makes this the only device on the market with such a label, giving us a competitive advantage.

Since combining the Beads and TheraSphere® sales forces in the US, we now have an established Interventional Oncology franchise that is uniquely positioned to offer the two main intravascular locoregional treatment modalities for primary liver cancer. Subsequently, we have expanded our direct sales force in the EU for TheraSphere® which, from April 2015, has also sold our Bead products and again gives us the unique opportunity to adopt a patient-centric approach.

As announced in July 2014, BTG received a subpoena from the US Department of Justice seeking documents in relation to an investigation regarding LC Bead®, covering the period since 2003. BTG continues to cooperate fully with the investigation but at this time remains unable to predict its duration or outcome.

Future growth

Expanding the global reach of our products is fundamental to our organic growth plans. In addition to our European expansion, we are building our commercial offering in Asia. We were delighted to gain approval for DC Bead® in China, where our partner SciClone Pharmaceuticals is now preparing for market launch. In Taiwan we established a direct sales force and opened an office in Hong Kong to provide support in commercial, medical and regulatory affairs for the region. For Varithena®, we are exploring options to gain approval in other geographic markets and our file has been accepted for review by Health Canada. We are also making investments to take EkoSonic® into more EU territories.

Investing in clinical studies and expanding the approved uses of our products should also drive future growth. A fully recruited pivotal study in the US for the RePneu® Coil could lead to US marketing approval in late 2016 and would provide access to a significant market opportunity. We are investing in a study to expand the label for EkoSonic® into the treatment of chronic deep vein thrombosis and post-thrombotic syndrome. We are accelerating three Phase III trials of TheraSphere® that are intended to gain pre-market approval (PMA) in the US for treating patients with unresectable hepatocellular carcinoma (HCC) and to support PMA approval as a second-line treatment for patients with metastatic tumours in the liver from colorectal cancer (mCRC).

Our innovation team continues to work in collaboration with physicians and key opinion leaders (KOLs) to identify new product development opportunities. A new generation of the EkoSonic® control unit will allow bilateral treatment of pulmonary embolism for the first time. Within Interventional Oncology we are working on an imageable bead that will help the physician identify potential areas of undertreatment and a bioresorbable bead for use in non-malignant tumours.

FINANCIAL REVIEW

BTG has delivered good revenue growth across each of its business segments which, combined with a focus on cost control, has enabled us to make investments to support our objective of long-term sustainable profit growth.

Revenue

Group revenue grew 27% to £367.8m (2013/14: £290.5m). Each business segment delivered strong double-digit percentage growth: recurring Interventional Medicine revenue was 44% higher at £112.7m (2013/14: £78.4m), revenue in Specialty Pharmaceuticals increased by 18% to £121.1m (2013/14: £102.3m) and Licensing revenues grew by 23% to £134.0m (2013/14: £109.1m). When adjusting for constant currency and allowing for the full year impact of EKOS and TheraSphere® acquisitions, like-for-like revenue growth was 21%.

Within Interventional Medicine, our Interventional Oncology products for treating liver cancer grew by 30%, generating revenue of £75.5m (2013/14: £58.1m). This growth resulted from the continued US expansion of TheraSphere® following the merger of the Beads and TheraSphere® sales forces and from a full year of TheraSphere® ownership. This was partially offset by lower EU Beads revenue owing to reduced distributor shipments as we prepared to commence direct sales of DC Bead® and Bead Block® in the EU.

Interventional Vascular revenue increased by 72% to £34.9m (2013/14: £20.3m). The continued growth of EkoSonic® is due to increasing penetration of US hospitals enhanced by the FDA clearance for use in the treatment of pulmonary embolism, and by a full year of BTG ownership. The first commercial sales of the varicose veins treatment Varithena® were also recorded following the commencement of the controlled launch in the US reimbursed sector.

We recorded our first revenues of £2.3m in Interventional Pulmonology based on EU sales of the RePneu® Coil treatment for advanced emphysema following the acquisition of PneumRx, Inc. in January 2015.

The 18% increase in Specialty Pharmaceuticals revenue resulted mainly from higher revenues of the digoxin toxicity treatment DigiFab® resulting from both volume and price growth. Revenue from Voraxaze®, the treatment for high-dose methotrexate toxicity, also continued to grow as awareness in US hospitals and named patient sales outside the US increased. Sales of the snakebite treatment CroFab® were steady.

Revenue in the Licensing segment continued to be dominated by royalties from Johnson & Johnson's treatment for advanced prostate cancer, Zytiga® (abiraterone acetate), which grew by 26%. Other changes included an increase in royalties on Sanofi's Lemtrada™ (alemtuzumab) treatment for multiple sclerosis following US approval and modest growth in the Two-Part Hip Cup, with lower royalties from the remaining licensed portfolio as patent expiries occur.

Detailed product sales and licensing revenues, including growth rates adjusted for constant currency and proforma ownership of EKOS and TheraSphere®, are shown in the table below.

		2014/15 (£m)	2013/14 (£m)	Change (%)	Change at CC[1]
Interventional Medicine					
Interventional Oncology	TheraSphere®	**44.9**	24.7	82%	31%*
	Beads	**30.6**	33.4	-8%	-7%
	Total Interventional Oncology	**75.5**	58.1	30%	13%*
Interventional Vascular	EkoSonic®	**33.9**	20.3	67%	32%*
	Varithena®	**1.0**	-	-	-
	Total Interventional Vascular	**34.9**	20.3	72%	35%*
Interventional Pulmonology	RePneu® Coil	**2.3**	-	-	-
	Total Interventional Medicine	**112.7**	78.4	44%	21%*
Specialty Pharmaceuticals					
	CroFab®	**61.8**	62.7	-1%	4%
	DigiFab®	**44.7**	27.3	64%	65%
	Voraxaze® / Other	**14.6**	12.3	19%	20%
	Total Specialty Pharmaceuticals	**121.1**	102.3	18%	22%
Licensing					
	Zytiga®	**105.2**	83.8	26%	24%
	Two-Part Hip Cup	**13.8**	13.0	6%	3%
	Lemtrada™	**4.9**	0.4	1125%	1093%
	Others	**10.1**	11.9	-15%	-15%
	Total Licensing	**134.0**	109.1	23%	**21%**
Total		**367.8**	289.8	27%	22%*
	Non-recurring (Brachytherapy)	**-**	0.7	-	-
Total		**367.8**	290.5	27%	**21%***

[1]At constant currency GBP vs USD ($1.61 vs $1.59 in prior year); *Based on pro forma 12 month revenues

Gross profit

Gross profit was 29% higher at £253.1m (2013/14: £195.5m) reflecting a gross margin of 69% (2013/14: 67%). The Interventional Medicine gross margin of 70% (2013/14: 72%) was suppressed by a fair value acquisition adjustment of £0.9m on PneumRx and by the Varithena® launch; it is expected to increase over time as sales revenues build across the portfolio. In Specialty Pharmaceuticals the gross margin increased to 86% (2013/14: 80%) driven mainly by the expiry of a royalty obligation. Licensing gross margin was slightly lower at 52% (2013/14: 53%) owing to the increased proportion of lower-margin Zytiga® revenue.

The Group gross margin is expected to remain stable at approximately 70% in the near term.

Contribution

Contribution is defined as gross profit less SG&A expenditure. SG&A expenditure increased to £124.8m (2013/14: £84.0m) and the contribution increased to £128.3m (2013/14: £111.5m). The contribution margin was 35% (2013/14: 38%).

The expected increase in SG&A and reduction in contribution margin primarily reflect increased investment in the commercial capabilities of the Interventional Medicine segment. Investments include costs associated with the US launch of Varithena®, the EU Interventional Oncology sales force and expansion in Asia. In addition, during the year BTG settled a patent dispute securing the CroFab® business to October 2018. Total expenses and one-off settlement costs were £8m.

The Specialty Pharmaceuticals and Licensing segments are more established and delivered contribution margins of 65% and 30% respectively. Driving cost efficiency in these segments enables us to invest in the commercial capabilities that will generate revenue in the Interventional Medicine segment, which currently has an 8% contribution margin. As we deliver revenue growth in the various International Medicine businesses we expect the contribution of that segment, and of BTG overall, to increase.

Operating profit

Investment in research and development increased to £68.3m (2013/14: £47.2m). This planned increase reflects greater investment in a broader portfolio of innovation and development programmes, including the acceleration of the TheraSphere® Phase III trials, development of innovative Bead products, hardware development and studies to support indication expansion for the EkoSonic® products, ongoing regulatory, clinical and medical affairs support for the expanded portfolio of marketed products, and studies to support US approval of RePneu®. Investment in research and development is expected to increase further in the year ahead as these activities continue and the full annual costs of the RePneu® studies are absorbed.

Other operating expenses include the impact of foreign exchange. The £:$ exchange rate moved from $1.67 at the beginning of the year to $1.48 at the end of the year. BTG's exposure to US$ revenue, costs and assets resulted in a net foreign exchange gain of £6.7m (2013/14: loss of £5.0m).

Operating profit before acquisition adjustments and reorganisation costs was £67.9m (2013/14: £62.3m).

Acquisition adjustments include the fair value of inventory acquired with PneumRx (£0.9m). Amortisation of intangible assets of £28.4m (2013/14: £23.3m) has increased to reflect the full year ownership of EKOS and TheraSphere®, as well as the impact of PneumRx from January 2015. Acquisition costs, predominantly associated with the acquisition of PneumRx, were £3.7m (2013/14: £9.8m - EKOS and TheraSphere®).

Operating profit after acquisition adjustments was £34.9m (2013/14: £27.3m).

Financial expense/income

The Group's net financial expense was £8.2m (2013/14: net financial income of £6.0m). This primarily comprised a loss on the mark-to-market of foreign exchange forward contracts of £6.2m (2013/14: gain of £7.5m) and an increase of £1.0m in the fair value of the contingent milestones for the EKOS and PneumRx acquisitions.

Profit before tax and taxation

The profit before tax was £26.7m (2013/14: £33.3m), reflecting increased investment in SG&A and research and development, and the impact of the acquisition and foreign exchange movements. Group profits arise in the UK, the United States and other overseas territories and as a consequence the effective tax rate is a blend of the varying tax rates in different jurisdictions.

For the current year BTG has a tax credit of £6.9m (2013/14: £9.0m charge). The tax credit is principally due to the recognition of prior losses relating to Voraxaze® and EKOS, and to the acquisition of PneumRx. The overall tax credit of £6.9m comprises a current tax charge of £11.0m (2013/14: £13.7m), which reflects the benefits of the UK Patent Box legislation that allows for a lower tax charge on certain qualifying assets, and a deferred tax credit of £17.9m (2013/14: £4.7m).

The Group has additional unutilised tax losses that may be recognisable in future years, depending on the commercial success of various assets. The timing and magnitude of the losses that can be recognised are uncertain, and the Group's anticipated effective tax rate over the medium term is around 26%.

Earnings per share

Basic earnings per share on a profit after tax of £33.6m were 9.1p (2013/14: 6.8p). The adjusted earnings per share excluding acquisition adjustments and reorganisation costs were 15.7p (2013/14: 14.5p) on adjusted profit after tax of £57.8m (2013/14: £51.5m).

Balance sheet

Non-current assets

Non-current assets increased at 31 March 2015 to £838.3m (31 March 2014: £565.5m), primarily reflecting the acquisition of PneumRx. This resulted in gross additions to goodwill of £51.6m and to intangible assets of £189.9m which, when offset by amortisation, foreign exchange and other items, resulted in net increases of £52.3m to goodwill and £190.7m to intangible assets.

The net increase of £4.2m to property, plant and equipment comprises gross additions of £10.3m mainly relating to investment in our underlying manufacturing capacity and foreign exchange offset by depreciation.

The Group's defined benefit pension scheme as measured under IAS19 *Revised – Employee Benefits* changed from an asset of £8.0m at 31 March 2014 to an asset of £13.2m at 31 March 2015, reflecting contributions during the year of £2.9m, an income statement credit of £0.1m and an actuarial gain of £2.2m.

Current assets

Cash and cash equivalents have increased from £38.2m to £73.8m as a result of profitable growth. The Group did not draw on its £60m multi-currency revolving credit facility during the year.

Inventory and trade and other receivables increased during the year as a result of underlying business growth, the manufacturing of Varithena® for the US launch and the acquisition of PneumRx. Inventory increased to £40.5m (31 March 2014: £27.0m) and receivables to £91.9m (31 March 2014: £75.1m). The fair value of forward contracts as at 31 March 2015 was a liability of £0.9m compared to an asset of £5.3m at 31 March 2014.

Total liabilities

Non-current liabilities increased to £171.7m (31 March 2014: £93.5m) mainly as a result of an increase in the deferred tax position of £152.4m, predominantly arising as a result of the acquisition of PneumRx.

Trade and other payables increased to £128.9m (31 March 2014: £82.5m), reflecting the underlying growth of the business and the contingent consideration payable on the acquisition of PneumRx.

Cash flow

The business generated £47.5m from operating activities (2013/14: £48.5m), reflecting business growth offset by increased investments in SG&A and research and development, together with increased working capital. During the year BTG raised £145.7m net of expenses through a placing of 18.9m new ordinary shares to fund the initial cash consideration of $231m to acquire PneumRx, Inc.

BTG ended the year with cash and cash equivalents of £73.8m (31 March 2014: £38.2m).

Summary and financial outlook

The business has performed well during the year, delivering strong financial results during a period of investment as we continue to implement our growth plans. We anticipate further growth in the current financial year, with revenue expected to be in the range £410m to £440m (at an exchange rate of £1:$1.61). We will also continue to invest in expanding our commercial footprint and activities to support new product development and indication expansion for existing products. These investments are focused mainly on our Interventional Medicine business, where we are targeting revenues of over $1.25bn by 2021.

With a strong portfolio of technologically leading products and active investment programmes, we are confident of delivering sustainable, profitable growth over the long term.

CONSOLIDATED INCOME STATEMENT

	Note	Year ended 31 March 2015 Results before acquisition adjustments and reorganisation costs £m	Acquisition adjustments and reorganisation costs £m	Total £m	Year ended 31 March 2014 Results before acquisition adjustments and reorganisation costs £m	Acquisition adjustments and reorganisation costs £m	Total £m
Revenue	2	**367.8**	**-**	**367.8**	290.5	-	290.5
Cost of sales		**(113.8)**	**(0.9)**	**(114.7)**	(93.1)	(1.9)	(95.0)
Gross profit	2	**254.0**	**(0.9)**	**253.1**	197.4	(1.9)	195.5
Operating expenses:							
Amortisation of acquired intangible assets	7	**-**	**(28.4)**	**(28.4)**	-	(23.3)	(23.3)
Foreign exchange gains/(losses)		**6.7**	**-**	**6.7**	(5.0)	-	(5.0)
Selling, general and administrative expenses		**(124.8)**	**-**	**(124.8)**	(84.0)	-	(84.0)
Operating expenses: total		**(118.1)**	**(28.4)**	**(146.5)**	(89.0)	(23.3)	(112.3)
Research and development		**(68.3)**	**-**	**(68.3)**	(47.2)	-	(47.2)
Profit on disposal of property, plant and equipment and intangible assets		**0.3**	**-**	**0.3**	1.1	-	1.1
Acquisition and reorganisation costs		**-**	**(3.7)**	**(3.7)**	-	(9.8)	(9.8)
Operating profit		**67.9**	**(33.0)**	**34.9**	62.3	(35.0)	27.3
Financial income	3	**0.1**	**-**	**0.1**	8.2	-	8.2
Financial expense	3	**(7.3)**	**(1.0)**	**(8.3)**	(0.8)	(1.4)	(2.2)
Profit before tax		**60.7**	**(34.0)**	**26.7**	69.7	(36.4)	33.3
Tax credit/(charge)	4			**6.9**			(9.0)
Profit for the year				**33.6**			24.3
Basic earnings per share	5			**9.1p**			6.8p
Diluted earnings per share	5			**9.0p**			6.7p

All activity arose from continuing operations.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 March 2015 £m	Year ended 31 March 2014 £m
Profit for the year	**33.6**	24.3
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Foreign exchange translation differences	**41.6**	(32.4)
Items that will not be reclassified subsequently to profit or loss		
Actuarial gain/(loss) on defined benefit pensions scheme	**2.2**	(6.0)
Deferred tax on defined benefit pension scheme asset	**(1.8)**	0.8
Other comprehensive income for the year	**42.0**	(37.6)
Total comprehensive income for the year	**75.6**	(13.3)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	31 March 2015 £m	31 March 2014 £m
ASSETS			
Non-current assets			
Goodwill	6	**183.8**	123.6
Intangible assets	7	**597.9**	397.9
Property, plant and equipment		**35.5**	31.3
Other investments		**3.0**	3.0
Deferred tax asset		**4.9**	0.8
Employee benefits		**13.2**	8.0
Derivative financial instruments	3	**-**	0.9
		838.3	565.5
Current assets			
Inventories		**40.5**	27.0
Trade and other receivables		**91.9**	75.1
Corporation tax receivable		**1.4**	1.5
Derivative financial instruments	3	**-**	4.4
Cash and cash equivalents		**73.8**	38.2
		207.6	146.2
Total assets		**1,045.9**	711.7
EQUITY			
Share capital	8	**38.2**	36.1
Share premium account	8	**433.8**	288.7
Merger reserve		**317.8**	317.8
Other reserves		**9.4**	(32.2)
Retained earnings		**(40.6)**	(80.0)
Total equity attributable to equity holders of the parent		**758.6**	530.4
LIABILITIES			
Non-current liabilities			
Trade and other payables		**17.9**	2.6
Deferred tax liabilities	4	**152.4**	90.4
Provisions		**1.4**	0.5
		171.7	93.5
Current liabilities			
Trade and other payables		**111.0**	79.9
Derivative instruments	3	**0.9**	-
Corporation tax payable		**3.2**	7.4
Provisions		**0.5**	0.5
		115.6	87.8
Total liabilities		**287.3**	181.3
Total equity and liabilities		**1,045.9**	711.7

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	**Year ended 31 March 2015 £m**	Year ended 31 March 2014 £m
Profit after tax for the year		**33.6**	24.3
Tax	4	**(6.9)**	9.0
Financial income	3	**(0.1)**	(8.2)
Financial expense	3	**8.3**	2.2
Operating profit		**34.9**	27.3
Adjustments for:			
Profit on disposal of property, plant and equipment and intangible assets		**(0.3)**	(1.1)
Amortisation of intangible assets	7	**29.5**	24.3
Depreciation on property, plant and equipment		**5.5**	3.4
Share-based payments		**5.6**	5.3
Pension scheme funding		**(2.9)**	(3.3)
Fair value adjustments		**0.9**	1.9
Cash from operations before movements in working capital		**73.2**	57.8
Increase in inventories		**(11.4)**	(0.5)
Increase in trade and other receivables		**(14.9)**	(12.6)
Increase in trade and other payables		**14.8**	10.9
Increase/(decrease) in provisions		**1.0**	(0.1)
Cash from operations		**62.7**	55.5
Corporation taxation paid		**(15.2)**	(7.0)
Net cash inflow from operating activities		**47.5**	48.5
Investing activities			
Interest (paid)/received		**(0.1)**	0.2
Purchases of intangible assets		**(1.4)**	(0.9)
Purchases of property, plant and equipment		**(9.8)**	(11.6)
Acquisition of businesses net of cash acquired		**(147.7)**	(260.3)
Net proceeds from disposal of property, plant and equipment and intangible assets		**0.1**	3.2
Net cash outflow from investing activities		**(158.9)**	(269.4)
Cash flows from financing activities			
Proceeds of share issues	8	**147.2**	103.4
Other financing activities		**(1.0)**	(0.7)
Net cash from financing activities		**146.2**	102.7
Increase/(decrease) in cash and cash equivalents		**34.8**	(118.2)
Cash and cash equivalents at start of year		**38.2**	158.7
Effect of exchange rate fluctuations on cash held		**0.8**	(2.3)
Cash and cash equivalents at end of year		**73.8**	38.2

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital £m	Share premium £m	Merger reserve £m	Other reserves £m	Retained earnings £m	Total equity £m
At 1 April 2013	32.8	188.6	317.8	0.2	(104.8)	434.6
Profit for the year	-	-	-	-	24.3	24.3
Foreign exchange translation differences	-	-	-	(32.4)	-	(32.4)
Actuarial loss on defined benefit pension scheme	-	-	-	-	(6.0)	(6.0)
Deferred tax on defined benefit pension scheme asset	-	-	-	-	0.8	0.8
Total comprehensive income for the year	-	-	-	(32.4)	19.1	(13.3)
Transactions with owners:						
Issue of BTG plc ordinary shares	3.3	100.1	-	-		- 103.4
Movement in shares held by the Trust	-	-	-	-	0.4	0.4
Share-based payments	-	-	-	-	5.3	5.3
At 31 March 2014	**36.1**	**288.7**	**317.8**	**(32.2)**	**(80.0)**	**530.4**

	Share capital £m	Share premium £m	Merger reserve £m	Other reserves £m	Retained earnings £m	Total equity £m
At 1 April 2014	36.1	288.7	317.8	(32.2)	(80.0)	530.4
Profit for the year	-	-	-	-	33.6	33.6
Foreign exchange translation differences	-	-	-	41.6	-	41.6
Actuarial gain on defined benefit pension scheme	-	-	-	-	2.2	2.2
Deferred tax on defined benefit pension scheme asset	-	-	-	-	(1.8)	(1.8)
Total comprehensive income for the year	-	-	-	41.6	34.0	75.6
Transactions with owners:						
Issue of BTG plc ordinary shares	2.1	145.1	-	-	-	147.2
Movement in shares held by the Trust	-	-	-	-	(0.2)	(0.2)
Share-based payments	-	-	-	-	5.6	5.6
At 31 March 2015	**38.2**	**433.8**	**317.8**	**9.4**	**(40.6)**	**758.6**

1. Basis of preparation

In accordance with EU law (IAS Regulation EC 1606/2002), the final results have been prepared in accordance with International Financial Reporting Standards (''IFRS'') adopted for use in the EU as at 31 March 2015 (''adopted IFRS''), International Financial Reporting Interpretations Committee (''IFRIC'') interpretations and those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The final statements have been prepared in accordance with the Group's accounting policies approved by the Board.

Details of principal business risks and uncertainties can be found in note 12.

BTG's 2015 Annual Report will be posted to shareholders on 12 June 2015. The financial information set out herein does not constitute the Group's statutory accounts for the year ended 31 March 2015 but is derived from those accounts and the accompanying directors' report. Statutory accounts for 2015 will be delivered to the Registrar of Companies following the Company's Annual General Meeting which will be held at 10.30am on 15 July 2015. The auditors have reported on those accounts; their report was unqualified and did not contain statements under Section 495 (4)(b) of the Companies Act 2006.

The comparative figures for the year ended 31 March 2014 are not the Group's statutory accounts for the financial year but are derived from those accounts which have been reported on by the Group's auditors and delivered to the Registrar of Companies. The report of the auditors was unqualified and did not contain statements under Section 495 (4)(b) of the Companies Act 2006.

Interim and preliminary announcements notified to the London Stock Exchange are available on the internet at www.btgplc.com.

Accounting standards adopted in the year

IFRS 10 'Consolidated Financial Statements', IFRS 12 'Disclosure of Interests in Other Entities' and other standards adopted by the EU do not have a significant impact on the Group.

Going concern and liquidity

After making enquiries, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the preliminary announcement.

This conclusion has been reached having considered the effect of liquidity risk on the Group's ability to operate effectively. Currently, liquidity risk is not considered a significant business risk to the Group given its level of net cash and cash flow projections. The Group does not currently require significant levels of debt financing to operate its business. The key liquidity risks faced by the Group are considered to be the failure of banks where funds are deposited and the failure of key licensees, distribution partners, wholesalers or insurers.

In addition to the liquidity risks considered above, the directors have also considered the following factors when reaching the conclusion to continue to adopt the going concern basis:

- The Group's principal licensees are global industry leaders in their respective fields and the Group's royalty-generating intellectual property consists of a broad portfolio of licensees;
- Many of the Group's sales are life-saving in nature, providing some protection against an uncertain economic outlook; and
- In April 2013, the Group signed a £60m multi-currency revolving credit facility providing access to funds for a period of three years to April 2016. This facility remains undrawn.

Acquisition adjustments and reorganisation costs

The consolidated income statement includes a separate column to disclose acquisition adjustments and reorganisation costs arising on corporate acquisitions. The significant adjustments relate to the acquisitions of:

- PneumRx, Inc. in January 2015;
- EKOS Corporation in July 2013;
- Targeted Therapies Division of Nordion Inc. in July 2013;
- Biocompatibles International Plc in January 2011; and
- Protherics PLC in December 2008.

The costs relate to the following:

- Amortisation and impairment arising on intangible assets acquired;
- Transaction costs incurred with professional advisers in relation to the completion of the corporate acquisitions;
- The release of the fair value uplift of inventory acquired;
- Reorganisation costs predominantly comprising acquisition related redundancy programmes, property costs, and asset impairments; and
- Fair value adjustments to contingent consideration on corporate acquisitions.

2. Operating Segments

The Group is aligned behind three reportable segments, being Interventional Medicine, Specialty Pharmaceuticals and Licensing.

The acquisition of PneumRx, Inc. on 7th January 2015 is included within the Interventional Medicine operating segment. The acquisitions of EKOS Corporation on 5th July 2013 and the Targeted Therapies division of Nordion Inc. on 13th July 2013 are included within the Interventional Medicine operating segment.

In assessing performance and making resource allocation decisions, the Leadership Team (which is BTG's chief operating decision-making body) reviews contribution by segment. Contribution is defined as being gross profit less directly attributable selling, general and administrative costs (SG&A). The Licensing operating segment includes SG&A relating to the Group's centrally managed support functions and corporate overheads. This reflects the management structure and stewardship of the business. No allocation of central overheads is made across the Specialty Pharmaceuticals or Interventional Medicine operating segments. Research and development continues to be managed on a global basis, with investment decisions being made by the Leadership Team as a whole. It is not managed by reference to the Group's operating segments, though each programme within the pipeline would ultimately provide revenues for one of the operating segments if successful.

There are no inter-segment transactions that are required to be eliminated on consolidation.

	Year ended 31 March 2015			
	Interventional Medicine[1] £m	Specialty Pharmaceuticals £m	Licensing £m	Total £m
Revenue	**112.7**	**121.1**	**134.0**	**367.8**
Cost of sales	**(33.5)**	**(17.1)**	**(64.1)**	**(114.7)**
Gross profit	**79.2**	**104.0**	**69.9**	**253.1**
Selling, general and administrative expenses	**(70.1)**	**(24.9)**	**(29.8)**	**(124.8)**
Contribution	**9.1**	**79.1**	**40.1**	**128.3**
Amortisation and impairment of acquired intangibles assets				**(28.4)**
Foreign exchange gains				**6.7**
Research and development				**(68.3)**
Profit on disposal of property, plant and equipment and intangible assets				**0.3**
Acquisition and reorganisation costs				**(3.7)**
Operating profit				**34.9**
Financial income				**0.1**
Financial expense				**(8.3)**
Profit before tax				**26.7**
Tax				**6.9**
Profit for the year				**33.6**
Unallocated assets				**1,045.9**

1) 2015 Cost of Sales includes a £0.9m release of a fair value adjustment to inventory purchased on the acquisition of PneumRx, Inc. on the 7th January 2015 within the Interventional Medicine segment. This represents the release of a fair value uplift applied to inventory purchased on acquisition recognised through the income statement as the product is sold.

	Year ended 31 March 2014			
	Interventional Medicine[2] £m	Specialty Pharmaceuticals £m	Licensing £m	Total £m
Revenue	79.1	102.3	109.1	290.5
Cost of sales	(22.5)	(20.9)	(51.6)	(95.0)
Gross profit	56.6	81.4	57.5	195.5
Selling, general and administrative expenses	(42.8)	(22.7)	(18.5)	(84.0)
Contribution	13.8	58.7	39.0	111.5
Amortisation and impairment of acquired intangibles assets				(23.3)
Foreign exchange losses				(5.0)
Research and development				(47.2)
Profit on disposal of property, plant and equipment and intangible assets				1.1
Acquisition and reorganisation costs				(9.8)
Operating profit				27.3
Financial income				8.2
Financial expense				(2.2)
Profit before tax				33.3
Tax				(9.0)
Profit for the year				24.3
Unallocated assets				711.7

2) 2014 Cost of Sales includes a £1.9m release of a fair value adjustment to inventory purchased on the acquisition of EKOS on the 5th July 2013 within the Interventional Medicine segment. This release represents the release of a fair value uplift applied to inventory purchased on acquisition recognised through the income statement as the product is sold.

Revenue Analysis

Analysis of revenue, based on the geographical location of customers and the source of revenue is provided below:

Geographical analysis

	Year ended 31 March 2015 £m	Year ended 31 March 2014 £m
USA	**327.1**	256.1
Europe	**31.1**	26.5
Other regions	**9.6**	7.9
	367.8	290.5

Revenue from major products and services

	Year ended 31 March 2015 £m	Year ended 31 March 2014 £m
Product sales	**233.8**	180.1
Royalties	**134.0**	110.4
	367.8	290.5

Major customers

Products that utilise the Group's intellectual property rights are sold by licensees. Royalty income is derived from over 60 licenses. One licence individually generated royalty income in excess of 10% of Group revenue of £105.2m (2014: One license generated £83.8m).

The Group's marketed products are sold both directly and through distribution agreements in the USA, Europe and Asia Pacific region. No individual customer generated income in excess of 10% of the Group revenue during the year ended 31 March 2015 or 31 March 2014.

3. Financial Income and Expense

	Year ended 31 March 2015 £m	Year ended 31 March 2014 £m
Interest receivable on money-market and bank deposits	**0.1**	0.2
Fair value changes of foreign exchange forward contracts	**-**	7.5
Other	**-**	0.5
Financial income	**0.1**	8.2
Fair value changes of foreign exchange forward contracts	**6.2**	-
Fair value changes on contingent consideration	**1.0**	1.4
Others	**1.1**	0.8
Financial expense	**8.3**	2.2

Included within "Financial Expense" of £8.3m (13/14: included within "Financial Income" of £8.2m) is £6.2m (13/14: £7.5m) which represents the movement in the fair value of the Group's foreign exchange forward contracts.

4. Tax

An analysis of the tax (credit)/charge in the income statement for the year, all relating to current operations, is as follows:

	Year ended 31 March 2015 £m	Year ended 31 March 2014 £m
Current tax		
UK corporation tax charge	**-**	-
Overseas corporate tax charge	**12.2**	14.5
Adjustments in respect of prior years	**(1.2)**	(0.8)
Total current taxation	**11.0**	13.7
Deferred taxation		
Deferred tax credit	**(17.9)**	(5.0)
Adjustment to tax rates	**-**	0.3
Total tax (credit)/charge for the year	**(6.9)**	9.0

In addition to the tax (credit)/charge in the income statement, a deferred tax credit of £1.8m (2014: £0.8m credit) has been recognised in the consolidated statement of other comprehensive income.

UK corporation tax is calculated at 21% (2014: 23%) of the estimated taxable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

Net deferred tax liability

The deferred tax liability of £152.4m (2014: £90.4m) represents the net position after taking into account the offset of deferred tax assets against deferred tax liabilities in each jurisdiction. Deferred tax liabilities predominantly arise on intangible assets recognised on acquisitions (£186.2m) and pension surplus (£4.6m). Deferred tax assets relate to brought forward trading losses and short term timing differences. The table below summarises the gross and net position at each balance sheet date:

	Deferred tax assets £m	Deferred tax liabilities £m	Net deferred tax liability £m
At 1 April 2013	22.3	(66.1)	(43.8)
Adjustments re prior years	1.5	-	1.5
Acquisitions	7.0	(66.2)	(59.2)
Income statement (debit)/credit	(6.2)	9.4	3.2
Other comprehensive income (credit)	-	0.8	0.8
Offset against current tax payable	(1.1)	-	(1.1)
Currency movements	(1.0)	9.2	8.2
At 1 April 2014	22.5	(112.9)	(90.4)
Adjustments re prior years	(0.5)	0.1	(0.4)
Acquisitions	11.0	(74.0)	(63.0)
Income statement (debit)/credit	3.6	10.4	14.0
Other comprehensive income (credit)	-	(1.8)	(1.8)
R&D tax credits	0.3	-	0.3
Reclassification	0.5	(0.5)	-
Currency movements	1.5	(12.6)	(11.1)
At 31 March 2015	**38.9**	**(191.3)**	**(152.4)**

A reduction in the rate of UK corporation tax to 20% from 1 April 2015 was substantively enacted on 17th July 2013. The rate of 20% from 1 April 2016 was substantively enacted on 25th March 2015. The UK deferred tax assets and liabilities at 31 March 2015 have been calculated based on the rate of 20%.

5. Earnings per share

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

	Year ended 31 March 2015	Year ended 31 March 2014
Profit for the financial year (£m)	**33.6**	24.3
Profit per share (p)		
Basic	**9.1**	6.8
Diluted	**9.0**	6.7
Number of shares (m)		
Weighted average number of shares – basic	**367.9**	355.2
Effect of share options on issue	**5.4**	4.6
Weighted average number of shares – diluted	**373.3**	359.8

The basic and diluted earnings per share from underlying earnings are based on the following data:

	Year ended 31 March 2015	Year ended 31 March 2014
Profit for the financial year (£m)	**33.6**	24.3
Add back:		
Fair value adjustment on acquired inventory[(a)]	**0.6**	1.2
Amortisation of acquired intangible fixed assets[(b)]	**19.5**	15.3
Acquisition and reorganisation costs [(c)]	**3.1**	9.3
Fair values changes on contingent consideration[(d)]	**1.0**	1.4
Underlying earnings	**57.8**	51.5
Underlying profit per share (p)		
Basic	**15.7**	14.5
Diluted	**15.4**	14.3

Adjustments to profit are shown after taking into account the tax effect of such adjustments on the results as shown in the consolidated income statement as follows:

a. In the year ended 31 March 2015 there was £0.3m tax impact (2014: £0.7m) on fair value adjustment of inventory acquired of £0.9m (2014: £1.9m)
b. The release of deferred tax liability of £8.9m (2014: £8.0m) has been deducted from the amortisation and impairment of acquired intangible assets of £28.4m (2014: £23.3m) as shown in the consolidated income statement.
c. In the year ended 31 March 2015 there was a £0.6m tax impact on reorganisation costs of £3.7m. In the year ended 31 March 2014 there was £0.5m tax impact on reorganisation costs of £9.8m.
d. No tax adjustments (2014: nil) were required on the fair value changes on the contingent consideration of £1.0m (2014: £1.4m).

6. Goodwill

Goodwill of £183.8m relates to the acquisitions of PneumRx, Inc. in January 2015 (see note 9), EKOS Corporation in July 2013 (see note 9), the Targeted Therapies Division of Nordion Inc. in July 2013 (see note 9), Biocompatibles International plc in January 2011 and Protherics PLC in December 2008 (2014: £123.6m in relation to EKOS Corporation, the Targeted Therapies Division of Nordion Inc., Biocompatibles International plc and Protherics PLC).

7. Intangible Assets

	Note	Developed technology £m	Contractual relation-ships £m	In-process research and development £m	Computer software £m	Patents £m	Purchase of contractual rights £m	Total £m
Cost								
At 1 April 2013		**235.1**	**41.5**	**5.8**	**0.8**	**14.5**	**18.4**	**316.1**
Acquisitions	9	227.8	-	17.6	0.1	-	-	245.5
Additions		-	-	0.5	0.2	0.2	-	0.9
Disposals		(2.0)	-	-	-	-	-	(2.0)
Currency movements		(32.4)	(2.9)	(1.6)	-	(1.6)	(1.4)	(39.9)
At 1 April 2014		**428.5**	**38.6**	**22.3**	**1.1**	**13.1**	**17.0**	**520.6**
Acquisitions	9	109.2	-	80.4	-	0.3	-	189.9
Additions		-	-	-	0.2	1.2	-	1.4
Disposals		-	-	-	-	-	(9.5)	(9.5)
Currency movements		40.1	3.5	3.1	0.1	2.0	1.0	49.8
At 31 March 2015		**577.8**	**42.1**	**105.8**	**1.4**	**16.6**	**8.5**	**752.2**
Amortisation								
At 1 April 2013		**37.6**	**40.6**	**5.8**	**0.2**	**12.1**	**10.6**	**106.9**
Provided during the year		22.8	0.5	-	0.2	0.4	0.4	24.3
Write back on disposals		(0.5)	-	-	-	-	-	(0.5)
Currency movements		(2.5)	(2.8)	-	-	(1.7)	(1.0)	(8.0)
At 1 April 2014		**57.4**	**38.3**	**5.8**	**0.4**	**10.8**	**10.0**	**122.7**
Provided during the year		28.4	-	-	0.3	0.6	0.2	29.5
Write back on disposals		-	-	-	-	-	(9.5)	(9.5)
Currency movements		5.8	3.5	-	-	2.0	0.3	11.6
At 31 March 2015		**91.6**	**41.8**	**5.8**	**0.7**	**13.4**	**1.0**	**154.3**
Net book value								
At 31 March 2015		**486.2**	**0.3**	**100.0**	**0.7**	**3.2**	**7.5**	**597.9**
At 1 April 2014		371.1	0.3	16.5	0.7	2.3	7.0	397.9
At 1 April 2013		197.5	0.9	-	0.6	2.4	7.8	209.2

Amortisation relating to acquired intangibles is shown on the face of the income statement within 'Amortisation of acquired intangibles'. All other amortisation and impairment is shown within 'Selling, general and administrative expenses' in 'Operating expenses'.

Developed technology

Developed technology includes the RePneu® Coil System (Europe) acquired in PneumRx Inc. (see note 9), EkoSonic® acquired in EKOS Corporation (see note 9), TheraSphere® acquired in the Targeted Therapies Division of Nordion Inc. (see note 9), the antidote assets acquired in Protherics PLC comprising principally of the rights to CroFab® and DigiFab® and the bead assets acquired in Biocompatibles International plc comprising principally of the rights to the DC Bead® and LC Bead®. The carrying value of individually significant assets within developed technology is:

	31 March 2015 £m	31 March 2014 £m	Remaining amortisation period at 31 March 2015
RePneu® (Europe)	**108.9**	-	14.8 years
EkoSonic®	**110.5**	105.8	13.3 years
TheraSphere®	**94.4**	90.3	13.3 years
CroFab®	**67.5**	63.3	18.7 years
DigiFab®	**21.8**	20.5	18.7 years
DC Bead® and LC Bead®	**77.0**	84.1	10.8 years

In-process research and development

Additions to in-process research and development includes the RePneu® Coil System (US) acquired in PneumRx, Inc. (see note 9) in the year ended 31 March 2015 and the Targeted Therapies assets acquired in the Targeted Therapies Division of Nordion Inc. in the year ended 31 March 2015 (see note 9).

	31 March 2015 £m	31 March 2014 £m	Remaining amortisation period at 31 March 2015
RePneu® (US)	**81.5**	-	-
Targeted Therapies Assets	**17.8**	15.9	-

8. Share Placement

In December 2014, BTG completed a share placing for a total of 18,867,925 new ordinary shares at a price of 795p per placing share, raising proceeds of £150.0m being £145.7m net of expenses.

In May 2013, BTG completed a share placing for a total of 32,208,030 new ordinary shares at a price of 330p per placing share, raising proceeds of £106.3m being £103.1m net of expenses.

The remainder of shares issued in the current and prior year were as a result of the exercise of share options.

9. Business Combinations

Acquisitions during the year ended 31 March 2015

a) PneumRx acquisition

BTG completed the acquisition of 100% of PneumRx on 7 January 2015 for an initial cash consideration of £153.4m ($231.0m) and up to $245m in contingent consideration based upon performance related future milestones. The contingent consideration had a carrying value equal to its fair value of £28.8m using acquisition date trading assumptions and probability adjusted forecasts to assess the likelihood of revenue and FDA approval milestone payments to be made. The final determination of these fair values will be completed as soon as possible but no later than one year from the acquisition date.

PneumRx owns, manufactures and distributes RePneu® Coil System (RePneu®), a minimally invasive treatment for advanced emphysema, which seeks to enhance patients' quality of life by improving lung function and exercise capacity. At the date of acquisition, RePneu® was in 11 European countries and had a fully recruited US pivotal clinical trial underway. A decision on US approval is anticipated during 2016. The acquisition complements BTG's Interventional Medicine platform, expanding it into the emerging area of Interventional Pulmonology.

At acquisition, intangible assets principally comprised £109.2m relating to RePneu® (Europe) developed technology and £80.4m relating to RePneu® (US) in-process research and development assets. The estimated useful life of the developed technology is 15 years, and amortisation expense is recorded on a straight-line basis. Goodwill arising of £51.6m, which is not deductible for tax purposes, was assigned to the Interventional Medicine operating segment. Goodwill includes the values of tax impacts, assembled workforce and future potential indications for RePneu® which at the time of acquisition did not meet the criteria for recognition as separate intangible assets.

Under the terms of the acquisition agreement, BTG may be due to make further contingent consideration payments dependent upon PneumRx achieving certain revenue targets and US FDA approval.

The contingent consideration payments include up to $20m payable if PneumRx meets a global revenue target in calendar year 2015 of US$35 million and US$60 million payable if US FDA approval is received before 31 December 2017. During the year, no contingent consideration payments were made and £0.9m of discount unwind was recognised in the income statement.

	Book Value £m	Fair Value Adjustment £m	Fair Value £m
ASSETS			
Non-current assets:			
Intangible assets	0.3	189.6	189.9
Property, plant & equipment	0.3	-	0.3
Current assets:			
Inventories	0.9	2.4	3.3
Trade and other receivables	2.6	-	2.6
Cash and cash equivalents	6.2	-	6.2
LIABILITIES			
Current liabilities:			
Trade and other payables	(8.8)	-	(8.8)
Non-current liabilities:			
Net deferred tax liabilities	-	(62.9)	(62.9)
Assets acquired	1.5	129.1	130.6
Goodwill			51.6
Total assets acquired			182.2
Cash consideration paid			153.4
Contingent consideration			28.8
Total Consideration			**182.2**
Cash and cash equivalents included in undertaking acquired			6.2
Cash consideration paid			(153.4)
Net cash outflow arising on acquisition and in cash flow statement			(147.2)

b) Other acquisitions

On 6 August 2014, the Group acquired the site and certain assets and processes associated with PEM manufacture from its existing contract manufacturing organisation, SCM Pharma Limited, for a consideration of approximately £0.5m plus transaction fees. The Company expects to increase throughput through these assets to support the growth of the recently approved and launched Varithena®.

Acquisitions during the year ended 31 March 2014

In July 2013, BTG completed the acquisitions of EKOS Corporation (EKOS) and the Targeted Therapies division of Nordion Inc.

c) EKOS Corporation (EKOS)

BTG completed the acquisition of 100% of EKOS on 5 July 2013 for an initial cash consideration of £118.7m ($178.8m) and up to $40m in contingent consideration based upon future performance milestones. The contingent consideration had a carrying value equal to its fair value of £17.5m using acquisition date trading assumptions and forecasts to assess the likelihood of payments to be made. The purchase price allocation is deemed final and there have been no adjustments to the preliminary assessment of the fair values of assets acquired and liabilities assumed.

EKOS owns, manufactures and distributes the EkoSonic® Endovascular System (EkoSonic®), a differentiated interventional medicine product using a locoregional approach in the treatment of severe blood clots. EkoSonic® is cleared for use in the US and the EU. The acquisition is a complementary transaction in line with BTG's existing strategy of growing its Interventional Medicine business, following its acquisition of Biocompatibles International plc in 2011.

At acquisition, intangible assets principally comprised £123.2m relating to EkoSonic® developed technology. The fair value of this asset was estimated using an income approach, using the excess earnings method. The estimated useful life of the technology was 15 years, and amortisation expense is recorded on a straight-line basis. Goodwill arising of £47.8m, which is not deductible for tax purposes, was assigned to the Interventional Medicine operating segment. Goodwill includes the values of tax impacts, assembled workforce and future potential indications for EkoSonic® which at the time of acquisition did not meet the criteria for recognition as separate intangible assets.

Under the terms of the acquisition agreement, BTG may be due to make further contingent payments dependent upon EKOS achieving certain revenue targets. These comprise up to $20m payable in respect of 2013 and up to $20m payable in respect of 2014 and 2015 in aggregate. Total contingent payments will not exceed $40m. During the year ended 31 March 2015, BTG paid the contingent payment in respect of 2014 of $5.4m (£3.5m) (2014: in respect of 2013 $20.0m, £11.9m). The remaining contingent payment on the Statement of Financial Position is considered by management to be a level 3 financial instrument.

	Book Value £m	Fair Value Adjustment £m	Fair Value £m
ASSETS			
Non-current assets:			
Intangible assets	0.1	123.2	123.3
Property, plant & equipment	1.4	-	1.4
Current assets:			
Inventories	2.7	1.9	4.6
Trade and other receivables	3.0	-	3.0
Cash and cash equivalents	3.1	-	3.1
LIABILITIES			
Current liabilities:			
Trade and other payables	(4.8)	-	(4.8)
Non-current liabilities:			
Trade and other payables	(0.4)	-	(0.4)
Deferred tax liabilities	-	(41.8)	(41.8)
Assets acquired			88.4
	5.1	83.3	
Goodwill			47.8
Total assets acquired			136.2
Cash consideration paid			118.7
Contingent consideration			17.5
Total Consideration			**136.2**
Cash and cash equivalents included in undertaking acquired			3.1
Cash consideration paid			(118.7)
Net cash outflow arising on acquisition and in cash flow statement			(115.6)

d) Targeted Therapies division of Nordion Inc.
On the 13 July 2013, BTG completed the acquisition of the Targeted Therapies Division of Nordion Inc. for a total cash consideration of £132.8m ($200.8m). The purchase price allocation is deemed final and there have been no adjustments to the preliminary assessment of the fair values of assets acquired and liabilities assumed.

Targeted Therapies is a high growth business that is focused in utilising TheraSphere® for targeted interventional treatment of liver cancer. TheraSphere® is a product comprising radioactive glass beads which target the tumour from within the body with a high concentration of radiation, thereby limiting both damage to surrounding healthy tissue and side effects for the patient in comparison to externally delivered radiation. The acquisition is a complementary transaction in line with BTG's existing strategy of growing its Interventional Medicine business, following its acquisition of Biocompatibles International plc in 2011.

At acquisition, intangible assets comprised £104.6m relating to Targeted Therapies developed technology and £17.6m relating to in process research and development assets. The fair value of these assets was estimated using an income approach, using the excess earnings method. The estimated useful life of the technology was 15 years, and amortization expense is recorded on a straight-line basis. Goodwill arising of £23.3m, which is not deductible for tax purposes, was assigned to the Interventional Medicine operating segment. Goodwill includes the values of tax impacts and assembled workforce.

	Book Value £m	Fair Value Adjustment £m	Fair Value £m
ASSETS			
Non-current assets:			
Intangible assets	-	122.2	122.2
Current assets:			
Inventories	0.6	-	0.6
Trade and other receivables	5.8	-	5.8
LIABILITIES			
Current liabilities:			
Trade and other payables	(1.7)	-	(1.7)
Non-current liabilities:			
Deferred tax liabilities	-	(17.4)	(17.4)
Assets acquired	4.7	104.8	109.5
Goodwill			23.3
Total consideration			132.8
Cash paid			(132.8)
Net cash outflow arising on acquisition and in cash flow statement			(132.8)

Revenue and Profit Impact of acquisitions

During the year ended 31 March 2015, PneumRx, Inc. contributed revenues of £2.3m and an operating loss before acquisition adjustments and reorganisation costs of £2.8m in the period since acquisition. If the acquisition had taken place on 1 April 2014, the first day of the reporting period under review, revenue and profit before tax and before acquisition adjustments and reorganisation costs of the combined group would have been £379.1m and £64.1m respectively.

During the year ended 31 March 2014, EKOS contributed revenues of £20.3m and operating profit before acquisition adjustments and reorganisation costs of £2.3m in the period since acquisition. The Targeted Therapies Division of Nordion Inc. contributed revenues of £24.7m and operating profit before acquisition adjustments and reorganisation costs of £7.3m in the period since acquisition. If both acquisitions had taken place on 1 April 2013, the first day of the reporting period under review, revenue and profit before tax and before acquisition adjustments and reorganisation costs of the combined group would have been £306.7m and £73.3m respectively.

10. Related Parties

Giles Kerr, a non-executive director of BTG plc, is also the Director of Finance for Oxford University and a director of Isis Innovations Limited, a wholly-owned subsidiary of Oxford University. During the year, BTG payments to Oxford University and Isis Innovations Ltd under the relevant licence agreements were £5,000 for the year ended 31 March 2015 (nil during the year ended 31 March 2014). There are no amounts still outstanding and payable by BTG under these agreements as at 31 March 2015 (2014: nil).

11. Post balance sheet events

In May 2015, BTG purchased the residual financial interest of the originator of the Varithena® foam sclerotherapy technology for a one-off cash payment of £23m, ensuring that the business retains 100% of the future value of Varithena®.

12. Principal Risks and Uncertainties

Our performance and prospects may be affected by risks and uncertainties relating to our business and operating environment. Our internal controls include a risk management process to identify key risks and, where possible, manage the risks through systems and processes and by implementing specific mitigation strategies.

Here we describe what we believe are the most significant risks that could materially affect the Group's ability to achieve its financial goals and operating objectives. The list is not exhaustive although other risks are deemed less material at this time. Given the nature of our business, risks continually change. Some risks are generic to the industry in which the Group operates; others are specific to the Group and inherent in the Company's strategy. The Company considers all these risks relevant to any investment decision in the Company.

Risk: Competition

Impact: The Group operates in competitive markets. The products on which BTG currently earns revenues, or from which it anticipates earning revenues once on the market, face competition from other products that are already approved or in development. Competing products may have superior attributes, including better efficacy or side effect profiles, cost less to produce or be offered at a lower price than BTG's products. Such competition could materially adversely impact Group revenues.

There are currently no competitive products on the market to the Specialty Pharmaceuticals products CroFab®, DigiFab® or Voraxaze®. However, future competition is possible in some cases and competing products could materially adversely impact BTG's financial results. Instituto Bioclon has obtained US approval for a competitor product to CroFab®. During the year we settled a legal action which we had initiated against Instituto Bioclon and as a result, notwithstanding US approval of their product, they cannot enter the US market until October 2018 at the earliest.

Within Interventional Medicine, the Beads products compete with products from US companies Merit Medical Limited and CeloNova Biosciences, Inc.; TheraSphere® competes globally with a product from Australian company Sirtex Medical Limited; Varithena® competes with other treatment modalities including heat ablation, vein stripping and physician-compounded sclerosing foam; EKOS competes with other interventional clot treatment products from US companies Boston Scientific Corporation and others. In Licensing, Zytiga® (abiraterone acetate) competes with a number of recently approved treatments for advanced prostate cancer including Xtandi® (enzalutamide).

Mitigation: BTG focuses on select opportunities addressing specialist segments where there are high barriers to entry, for example, relating to the development and manufacturing processes, or the need to generate significant supportive clinical data to gain approval and commercial acceptance. We seek to differentiate our products by demonstrating, in clinical trials, safety and efficacy benefits, or greater patient acceptance.

Change in 2014/15: We commenced a controlled launch of Varithena® in the US reimbursed sector, following which another non-tumescent product has been cleared for use in the treatment of varicose veins in the US (VenaSeal). We commenced direct sales of our TheraSphere® and Beads products in certain EU countries; previous US and EU distributors (AngioDynamics and Terumo respectively) have announced plans to launch embolic beads of their own. In January we completed the acquisition of PneumRx, Inc, adding the RePneu® Coil to our portfolio. There is an existing competitor in the form of the Pulmonx, Inc. valve. As noted, Instituto Bioclon has now received approval for a competitor product to CroFab®.

Risk: Research and development

Impact: Failure to implement our research and development strategy or failure to achieve the desired safety and efficacy product profiles in our research and development programmes, could result in an inability to deliver new products and new approved indications for existing products, which would have a material detrimental effect on the sustainability of the business and on its medium- to long term growth prospects. Failure of programmes could result from lack of organisational resource or capability deficiencies, from not aligning R&D programmes with commercial objectives; from changes in the regulatory landscape making it more difficult to conduct the planned R&D programmes or to achieve clinical results and approvals; or from the products not having the clinical benefits or safety profiles that were anticipated.

Mitigation: Capabilities and organisational capacity enhanced through recruitment; monthly monitoring of performance against goals; monitoring of regulatory landscape. The use of external resources such as contract clinical research organisations (CROs) are being more effectively leveraged alongside active development of R&D, regulatory strategies and delivery plans.

Change in 2014/15: The R&D and Innovation groups have been restructured following the appointment of Dr Melanie Lee as Chief Scientific Officer. In addition a portfolio review board has been established to oversee the execution of the Group's R&D strategy. The acquisition of PneumRx has further increased the number of studies being undertaken by the Group and its reliance on the successful execution and outcome of clinical studies to achieve its 2021 financial targets.

Risk: Sales Compliance, Reimbursement and Regulatory Affairs

Impact: Changes in the regulatory environment could materially adversely impact the Group's ability to commercialise or sell existing or new products in one or more geographies (whether due to an inability to obtain or the loss of marketing approvals or narrowing or withdrawal of existing approvals). The regulations and laws to which the Group is subject are complex, leading to an inherent degree of uncertainty and risk. New legislation, changes in existing legislation and/or regulatory guidance or enforcement policies or practice may result in delays or failures in bringing products to market, additional material costs or the imposition of restrictions on approval or the sale of a product or its manufacture, distribution or reimbursement, including the possible withdrawal of a product from the market or narrowing of its approval or indicated uses. Any of these actions could have a material adverse effect on the business or prospects of the Group. This is particularly the case for drug-eluting beads which are deemed by some regulatory authorities as combination products (comprising a drug and a device), in respect of which the regulatory requirements may be less clear in certain territories.

The pharmaceutical and device industries are highly regulated and, in addition to the broad range of regulations relating to the development, approval and manufacturing of its products, the Group must comply with many regulations relating to the marketing of its products.

The regulations and laws, particularly in the US, are complex and often strictly enforced by governmental and regulatory authorities. Defending actual or alleged violations may require significant management time and financial commitment, even if not proven. The incidence of these investigations has risen in the US in recent years. Failure by BTG (or its commercial partners where BTG has a liability) to comply with certain rules, laws and regulations, including the US False Claims Act, Anti-Kickback Statute and the US Foreign and Corrupt Practices Act among others, for alleged improper conduct, including corrupt payments to medical professionals, inaccurate regulatory submissions, off-label marketing of products, or the submission of false claims for reimbursement to the Federal government may result in criminal and civil proceedings against the Group. Resultant financial and other potential sanctions against the Group (or their commercial partners or their respective employees or directors) could materially adversely affect their business, financial position and prospects of the Group in the loss of product licenses or exclusion from sale of certain products.

Furthermore, the Group may be subject to price limits on reimbursement of products which are outside of their control, reducing product reimbursement or sales prices, which may have a negative impact on the revenues and growth prospects of the Group. This is particularly the case in the US where a significant proportion of the Group's revenues are derived, and in light of the ongoing US healthcare reform, requiring increased rebates or discounts to be provided where products are reimbursed or paid for by public payments, including Medicaid and Medicare. Reimbursement and healthcare payment systems vary significantly by country and there can be no assurance that reimbursement approvals will be received or sustained. There can be no assurance that a product, even if

approved, will obtain adequate levels of reimbursement to support commercial success. This is the case for Varithena® as a new product class in the varicose vein treatment sector. The Company has a reimbursement strategy and team supporting the commercial launch of Varithena® but ultimately there can be no assurance sufficient reimbursement will be universally adopted to support the full potential of the product in the US or elsewhere.

Mitigation: The Company has expert internal teams dedicated to each of these areas including: a Regulatory Affairs group which was strengthened and restructured during the year. That group works with a network of external advisors in relevant territories to ensure the appropriate regulations are understood and that regulatory strategies are in place and that actions are taken in a timely fashion to meet requirements to effectively support both products in development and those already approved and sold. The Regulatory Affairs group work closely with the wider R&D team to co-ordinate activities and maximise the chances of success.

The Company also has a Healthcare Compliance team which has been strengthened during the year, which establishes robust processes and procedures and a framework intended to provide assurance that applicable sales compliance requirements are met. However, as with other areas of risk management, no assurance can be provided regarding the ability of those systems to totally mitigate compliance risk. As a consequence, ongoing monitoring and auditing is undertaken to seek to ensure any material failures are identified where possible and remediated.

The Company has also strengthened its market access (reimbursement) group over the year with a focus on Varithena®. As part of that process the Company has established a 'hub' to provide a framework to support the commercial launch of Varithena® in the US.

Changes in 2014/15: The launch of Varithena® in the US in 2014 highlighted the work necessary to establish appropriate reimbursement of new products. Progress on that will continue to be a focus and a critical success factor for that product.

In July 2014, BTG announced that it had received a subpoena from the US Department of Justice, seeking documents in relation to an investigation regarding LC Bead®, covering the period since 2003. BTG continues to cooperate fully with this investigation and at this time is unable to predict its duration or outcome. PneumRx marketing and other activities have been incorporated into BTG's global compliance programme.

Risk: Intellectual property, know-how, trade secrets

Impact: BTG may be subject to challenges relating to the validity of its patents or alleging infringement by BTG of intellectual property rights of others, which might result in cessation of product sales, litigation and/or settlement costs and/or loss of earnings. BTG might elect to sue third parties for their infringement of its patents, or other intellectual property rights, in order to protect current or future product revenue streams. Litigation involves significant costs and uncertainties. Failure by BTG to maintain or renew key patents might lead to increased competition and loss of earnings and liabilities to licensees or licensors. BTG may not be able to secure or maintain the necessary intellectual property rights in relation to products acquired or in development, limiting the potential to generate value from these products and investments.

Changes in patent laws and other intellectual property regulations in territories where BTG or its licensees conduct business that make it more difficult or time-consuming to obtain or enforce patents, or which reduce the available term of granted patents or periods of market exclusivity protection, could adversely impact the Group's financial performance. Patent expiries can adversely impact the Group's revenues.

Currently, BTG earns significant royalties from sales of Johnson & Johnson's Zytiga® (abiraterone acetate), which may be subject to generic competition in the US from our 2016/17 financial year when the US composition of matter patent expires, and in the EU from our 2020/21 financial year when the ten-year data post-approval exclusivity period ends. BTG's patent portfolio is currently subject to several challenges. Enforcement of third-party patents against BTG may prevent BTG selling products or require BTG to pay royalties or other compensation to the patent holder.

The IP landscape is generally more complex in the Interventional Medicine market place rendering IP management more challenging. BTG may rely upon know-how and trade secrets to protect its products and maintain a competitive advantage. BTG may have to sue third parties to protect its know-how and trade secrets; trade secrets may be inadvertently disclosed leading to loss of competitive advantage and loss of earnings.

Mitigation: Dedicated internal resource, supplemented by external expertise, monitors third-party patent portfolios and patent applications and intellectual property rights; development and implementation of BTG patent filing, defense and enforcement strategies; robust processes are in place to automate patent renewals; internal controls established to avoid disclosure of patentable material prior to filing patent applications and to protect know-how.

Change in 2014/15: Intellectual Property (IP) management has been made more complex by the acquisition of PneumRx, Inc. BTG settled its patent litigation against a potential competitor to CroFab®. The commercial launch of Varithena® may lead to further IP challenges or competition requiring the Group to initiate litigation. The ongoing innovation and development of new products may result in new IP challenges to BTG.

Risk: External supply chain

Impact: We rely on third-party contractors for the supply of many key materials and services. These processes inherently carry risks of failure and loss of product and are risks over which the Company has a lower degree of control. Problems at contractors' facilities, such as technical issues, contamination and regulatory actions may lead to delays and disruptions or loss of supply or available capacity.

Some materials and services may only be available from one source and regulatory requirements may make substitution costly, time-consuming or commercially unviable.

Mitigation: Rigorous monitoring of suppliers; maintenance of adequate product and component inventories; dual sourcing implemented or being investigated where practicable. In accordance with the risk rating the Company will continue to focus on this area to ensure market demand for products can continue to be met (as has historically been the case).

Change in 2014/15: The launch of Varithena® in the US results in increased reliance on third parties for key product components.

Risk: Internal supply chain
Impact: BTG relies on its single site in Wales for supply of manufactured antibody and a single site in Farnham, UK, for the manufacture of the Beads and Varithena® with the consequent possibilities for disruption to, or loss of supplies resulting from, technical issues, contamination or regulatory actions. BTG's polyclonal antibody products rely on serum produced from our sheep flocks in Australia, which could be subject to disease outbreaks or fire. BTG manufactures its EKOS products at a single site in Seattle, WA, USA, and its RePneu® Coil at a single site in Mountain View, CA, USA, with the consequent possibilities for disruption to or loss of supply.

Mitigation: Dual sourcing is being investigated where practicable; inventories are being increased or maintained and monitored through a sales and operational planning process; production changes implemented where needed to ensure continued product supply; rigorous quality control procedures in place; regular checks made on sheep flock health; disaster recovery plans under regular review. In accordance with the risk rating the Company will continue to focus on this area to ensure market demand for products can continue to be met (as has historically been the case).

Changes in 2014/15: The acquisition of PneumRx and the US launch of Varithena® have increased BTG's reliance on single manufacturing sites.

Risk: Quality & regulatory, process documentation Impact: Our quality systems and regulatory processes and documentation (including those relating to Good Manufacturing Practice and Good Clinical Practice) are regularly audited by regulators such as the US FDA. Any inadequacies identified can result in observations, major findings and/or warnings, which would need to be addressed through remedial actions but if not addressed adequately, could lead to regulatory action such as cessation of product development, public censure, product recalls, an inability to release manufactured product, loss of manufacturing or product licenses or forced temporary or permanent shutdown of facilities and the consequential disruption to product supply.

Mitigation: We have invested in upgrading our processes, capabilities and people capacity to ensure appropriate resources are available to support all required control measures. A Global Quality System has been established and implementation across the Group is nearing completion.

Change in 2014/15: PneumRx, Inc. was acquired during the year and continuing improvements are being made to the applicable quality systems to bring them into full conformation with the Company's Global Quality Pharmacovigilance Systems, which will be fully implemented during the year.