crawford HEALTHCARE

Building a world-class, international healthcare business

Annual Report & Accounts 2017

www.crawfordhealthcare.com

Crawford is an advanced wound care and dermatology business that develops and sells branded products for the UK and key international markets.

Group Overview

- **Crawford's Advanced Wound Care ('AWC') business has delivered 47% compound annual like-for-like[1] sales growth globally over the last 4 years**
- **Crawford has grown to be the 4th largest UK AWC company in 2017[2]**
- **Crawford has made a significant investment in its US and German businesses since 2014**
- **Crawford's US business has generated 156% compound annual revenue growth over the last 3 years**
- **Crawford's dermatology business provides a growing and profitable base for the Group and a platform for growth**

The global wound management market is projected to reach US$26 billion by 2018, of which US$12.1 billion is represented by AWC.

The market is underpinned by strong fundamentals and its growth is driven by trends including:

- **Ageing global populations and increasing life expectancy;**
- **Increasing obesity rates; and**
- **Increasing prevalence of chronic diseases such as diabetes.**

The Directors aim to continue the Group's UK growth, and replicate this success in key international markets; primarily the US and Germany, where it has direct sales operations.

1. Like for like sales growth removes licence handed back during the year ended 31 March 2017 and adjusts for constant currency rates.
2. IMS Sales

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Financial highlights

£25.2m (2016: £21.5m)

Group revenue increased by 17% to £25.2m (2016: £21.5m)

+25% (2016: 16%)

Like-for-like sales growth[3] of 25% from 19.1m to 23.8m (2016 16%)

$5.9m (2016: $3.0m)

US revenue like-for-like[3] increase of 97% to (2016: 74%)

£4.1m (2016: £5.2m)

Adjusted UK EBITDA[1] of £4.1m (2016: £5.2m)

£15.6m (2016: £14.0m)

Gross margin headline increase of 11% to £15.6m (2016: 21%)

Operational highlights

4th biggest Advanced Wound Care company in the UK[2]

FDA clearance and US launch of KerraCel Ag, world-first wound dressing containing silver oxysalt technology.

Doubled US sales

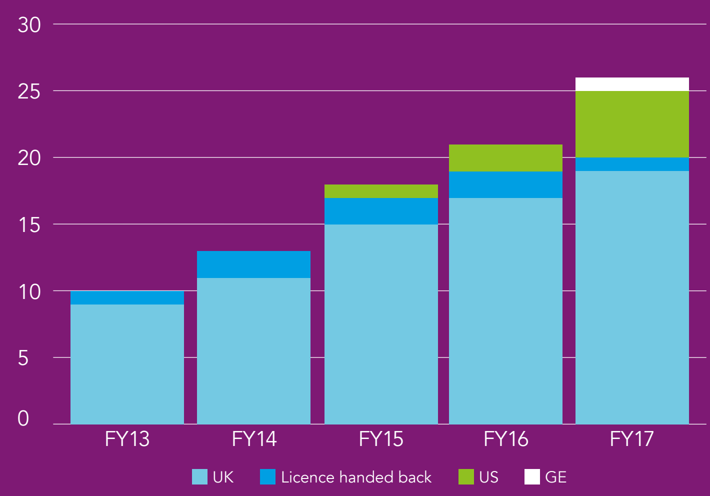
3 year agreement signed with US group purchasing organisation, Premier Inc

400% sales increase in Germany

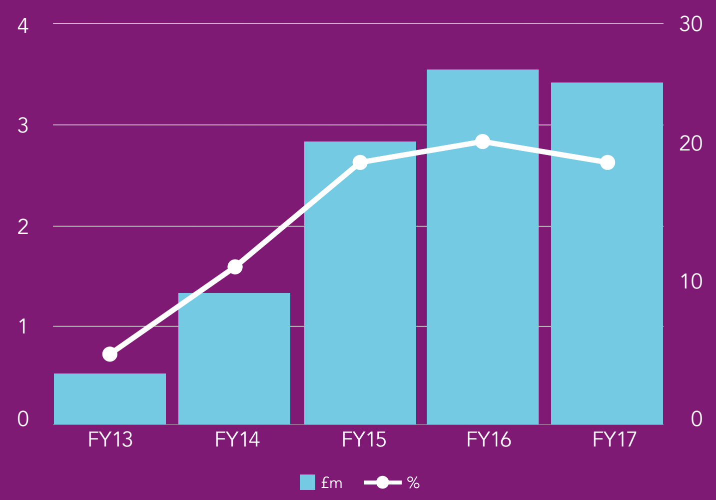
Numerous awards including Queen's award for Enterprise and UK's life science manufacturer of the year

1. Adjusted UK EBITDA is defined as earnings before interest, tax, depreciation, amortisation, share-based payments, exceptional items and marketing services recharge from the US Company for transfer pricing purposes.
2. Source: IMS Health
3. Like for like sales growth removes licence handed back during the year ended 31 March 2017 and adjusts for constant currency rates.

Annual Revenue £m



UK like-for-like EBITDA and as a % of UK like-for-like sales[3]



Key Marketed Products:

Woundcare

KerraMax Care
- Super-absorbent dressing
- UK market leader
- Marketed: UK, USA, GE
- Brand: Owned
- Growth[1]: 19%

KerraCel
- Hydrofibre dressing
- Silver version launched 2017
- Clinical benefits over market leader
- Marketed: UK, USA
- Brand: Owned
- Growth[1]: 875%

KerraFoam
- Foam dressing
- Market leading absorption / retention
- Marketed: UK, USA, GE
- Brand: Owned
- Growth[1]: 458%

Touchless Care
- Barrier protection spray
- Patent protected
- Marketed: USA
- Brand: Owned
- Growth[1]: 126%

KerraPro
- Pressure reducing pad
- Prevention / recovery of pressure ulcers
- Marketed: UK, USA
- Brand: Owned
- Growth[1]: 17%

KerraContact Ag
- Antimicrobial wound dressing
- Patented Oxysalt technology
- Marketed: UK. USA
- Brand: Owned
- Growth[1]: 36%

Dermatology

QV
- Emollient
- High growth range
- Marketed: UK
- Brand: Licenced
- Growth[1]: 26%

Sunsense
- #1 prescribed sunscreen
- Marketed: UK
- Brand: Licenced
- Growth[1]: (4%)

1. Growth represents sales in year to 31 March 2017 vs 2016.

Chief Executive's Statement
Year ended 31 March 2017

We believe our unique corporate "DNA" is a vital ingredient in our success

I am delighted to present our Annual Report and Accounts for the year ended 31 March 2017 ("2017").

With headline sales for 2017 of £25.2 million Crawford has continued to make excellent progress towards its goal of becoming a leading international business, developing and selling advanced wound care ('AWC') and dermatology products with a direct sales presence in key major markets, particularly the UK, USA and Germany.

Our UK business continues to deliver strong year-on-year growth with sales of £20.0 million, a like-for-like[4] increase of 14%. At the heart of this is our stable, growing dermatology business, with prescription products for conditions such as eczema and psoriasis. Our entry into AWC in 2011 has proven to be a tremendous success and has been the catalyst for further accelerating our growth. From a business at acquisition selling less than £2.5 million our AWC company is, at the time of writing, the 4th biggest in the UK, measured by independent industry data, with sales of £12.2 million.

In 2016, as we planned for and expected, Flen Pharma, one of our two remaining licence partners, took the decision not to renew our licence for Flaminal, and to create their own sales presence in the UK. Crawford had promoted this brand since 2005, indeed before our acquisition of the Ark wound care business, and had grown sales to £2.5 million in the year ended 31 March 2016 ("2016"). In our view, Flen's decision was a reflection of our success in building that brand over the licence term and validates our strategy since 2011 of focussing on selling AWC brands owned by Crawford. All of our AWC revenue, and 85% of our overall revenue in 2017 (excluding Flaminal) was generated by brands we own.

That Crawford continued to grow our headline sales in the UK in 2017 is testament to the value of our owned brands and the strength of our sales and marketing expertise. Our remaining licensed brands, QV and SunSense, which are important to our dermatology business, are under a recently-extended multi-year contract from our long-standing partner Ego Pharmaceuticals.

Our German operations are only in their second full year of operation, but we are encouraged by the progress made by our ambitious team and the level of traction and repeat business we are generating. In OPED we have a partner with a strong track record of sales and marketing in Germany and with Crawford's excellent products and AWC expertise we are confident in our joint ability to execute the plan and build a successful business.

In September 2014, we entered the US market via recruitment of a direct sales team led by an experienced senior team. We believe that having a successful direct sales and marketing infrastructure in the US differentiates Crawford from similar sized peers in the industry and is a mark of our ambition as a business. We also see this as a real value driver for the shareholders and as a result have invested considerably in building the US business from the bottom up, hiring the best representatives and managers possible. We are delighted to have doubled the sales in the US in 2017 to $5.9 million.

During the year we were buoyed in the US by two successes in particular; firstly our securing of a national group purchasing agreement with Premier Inc. ("Premier"), a leading healthcare improvement company.

This three-year award will allow Crawford's full US portfolio of products to be offered to members of Premier's alliance, which includes 3,600 hospitals and 120,000 other providers. Premier operates one of the largest healthcare group purchasing organizations (GPOs) in the United States and we expect this contract award to generate considerable momentum for our US business into next financial year and beyond.

Secondly, in February 2017, ahead of plan, we announced FDA clearance for a world-first wound dressing that has the potential to be the most clinically effective product of its type in the international wound care market. The product, developed in partnership with The University of Manchester, is the first FDA-cleared absorbent gelling dressing containing the unique Oxysalt™ technology, and will initially be available for clinical use in the US – the world's largest market for advanced wound care, representing almost half of global spend.

The unique and revolutionary elements of the silver-based dressing focus on its unrivalled ability to disrupt and kill antimicrobial biofilms (bacteria encased in a protective matrix, which show up to 1,000 times resistance to antibiotics) that typically prevent chronic wounds, such as diabetic ulcers and pressure sores, from healing. We are extremely excited by this second application for the Oxysalt™ technology (KerraContact Ag already being on the market globally) and look forward to incorporating the technology into other wound dressing formats going forward. The development of innovative new products is a key feature of our growth plan in order to offer our customers a broad range of product solutions.

We see AWC as an attractive market in which to operate. The market is driven by demographics and related health trends such as increasing rates of obesity and diabetes, combined with an ageing population. These factors result in more and more people living with chronic wounds. Crawford aims to be a trusted partner for clinicians in all the markets in which we operate. We have a portfolio of products which we believe are class-leading in terms of addressing the key challenges faced by clinicians, including the treatment of infection, disruption of biofilms, and the management of wound fluid (exudate). Our team, everywhere we operate, is committed and loyal and we employ "best in class" sales and marketing techniques. We believe our unique corporate "DNA" is a vital ingredient in our success.

The impact of the UK's decision to exit the EU is not yet fully and universally understood, but the strength of our brands and margins, allied with the attractive demographics in our sector, leads us to believe that Crawford is well-placed to thrive in the post-Brexit economy.

Crawford is well-positioned for future growth across the business and I look forward to reporting on our success during the coming twelve months.

Richard Anderson
Chief Executive Officer
23 June 2017

4. Like for like sales growth removes licence handed back during the year ended 31 March 2017 and adjusts for constant currency rates.

Strategic Report
Year ended 31 March 2017

Delivering growth through our strong senior management team

Business Review

The Group aims to become a leading international business, developing and selling advanced wound care and dermatology products with a direct sales presence in key major markets, particularly the United Kingdom ("UK"), United States of America ("US") and Germany.

Crawford is primarily involved in the development, and distribution of wound care and dermatology products. The Group has its own manufacturing facilities but also contracts out the manufacture of a number of its products and purchases products under licence. In addition to its direct sales operations in the UK, US and Germany, Crawford sells its products to the global market through key foreign distributors, although this currently represents a relatively small proportion of Group revenue.

The Group has built a "best in class" senior management team which has delivered growth across both the wound care and dermatological businesses in the UK. The UK performance remains the bedrock of the Group's expansion and management's goal is to replicate the UK success in key overseas markets.

Crawford continues to invest cash generated from UK operations in three ways:

i) product acquisition and licensing;

ii) internal development of new products; and

iii) funding the expansion of the Group's US and German operations.

Product acquisition

During 2016 Crawford secured an exclusive right to silver oxysalt technology in the field of advanced wound care. The technology was already incorporated into the KerraContact Ag product which was the first product launched by the Group in the US and constituted 35% of the Group's US sales in 2017.

Silver is used in the treatment of wound infections as a broad spectrum antimicrobial. Silver oxysalts (silver oxynitrate) is a compound with a higher oxidation state compared to other currently available presentations of silver. It has the ability to deliver silver in a more active state.

Data exists to show that silver oxysalts:

- are more clinically effective when treating an infected wound;
- are effective at disrupting and reducing biofilm reformation which is known to impede healing;
- have a formulation which allows for a lower total silver content, providing an opportunity to reduce the overall cost of treatment versus alternative silver dressings; and
- improve wound healing through reduction in inflammatory cells, as demonstrated in vivo.

The oxysalt technology has been proven to be the fastest and most powerful silver antimicrobial treatment available in international wound care and the transaction enables Crawford to expand the use of the technology to other wound dressings and formats that are more readily used in the treatment of chronic wounds (such as diabetic ulcers and bed sores).

+468% increase in German sales

+97% increase in US sales

Internal development

Crawford maintains a balanced development pipeline. Development work in 2017 focussed on the expansion of product ranges to meet expectations in the US market, in particular incorporating silver oxysalt technology into other wound dressings such as KerraCel Ag which, as discussed in the Chief Executive's Report, received FDA clearance in February 2017. We are continuing to develop this proprietary technology into a number of other key dressing formats suitable for anti-microbial presentations as well as working on a number of other projects.

The oxysalt technology has been proven to be the fastest and most powerful silver antimicrobial treatment available

Silver is used in the treatment of wound infections as a broad spectrum antimicrobial. Silver oxysalts (silver oxynitrate) is a compound with a higher oxidation state compared to other currently available presentations of silver. It has the ability to deliver silver in a more active state.

International expansion

The Group has continued to expand its presence in the US with strong sales growth in the year. The increased sales presence and strong management has contributed to the Group winning a number of key contracts including a three year award with Premier Inc., one of the largest healthcare group purchasing organisations (GPOs) in the United States. As part of the agreement, Premier members (≈3,600 hospitals and 120,000 other providers) will have access to the Group's product portfolio. Also during the prior year Crawford's US subsidiary was included on the United States Department of Veterans Affairs (VA) Federal Supply Schedule (FSS) and so is able to supply its innovative products to an estimated nine million US Veterans in the world's largest advanced wound care market.

Crawford's German operation continued to grow significantly with a sales increase of 468% in 2017 and the Group is leveraging the local know-how of its partner to continue to build rapid growth. Crawford has the right to buy-out our partner's share in the joint venture from early 2019.

Strategic Report (continued)
Year ended 31 March 2017

Financial Review

Crawford delivered a strong financial performance evidenced by continued like-for-like growth in the UK revenue (2017: 14%; 2016: 11%) combined with strong EBITDA performance (2017: 16%; 2016: 24%). This enabled the business to maintain its strategy, commenced in September 2014, of investing in the build-out of the Group's sales and marketing infrastructure in the US and Germany.

All growth figures are reported on a like-for-like basis which removes revenues from the Flaminal brand (2017: £0.6 million; 2016: £2.5 million) along with adjusting for the beneficial impact of movements in the dollar and euro exchange rates on our international subsidiary revenues (2017: £0.7 million; 2016: £0.1 million).

Revenue
Group revenue grew by 25% to £25.2m (2016: 16% to £21.5m). UK like-for-like sales increased by £2.4 million, representing 14% growth (2016: 11%). Sales in our US business increased by 97% to £4.6 million (2016: 74% to £2.0 million). Our German subsidiary recorded revenues of £0.6 million (2016: £0.1m). Advanced wound care now represents 69% of Group sales (2016: 67%).

Adjusting for the expiration of the licence for Flaminal, UK wound care grew 17% to £11.6 million (2016: 20% to £10.0 million). Alongside the continued growth of our biggest selling brand, KerraMax Care, still the UK's leading superabsorbent measured by IMS sales, we were pleased with the sales of our more recently launched products, including KerraFoam Gentle Border, KerraContact Ag and KerraCel. These brands in particular are well-positioned for growth in 2018.

Dermatology increased 10% to £7.7 million (2016: 0.2% to £7.1 million), largely due to strong sales of our QV emollient range. SunSense sales were largely flat despite the UK sun care market showing an 18% fall due to poor weather – an impressive outperformance of the market.

KerraContact Ag, the first brand we launched into the USA, continues to grow, but now represents 35% of our US revenues as opposed to 62% in 2016 and 83% in 2015. This reduction is a direct result of our success of broadening our US portfolio by launching and gaining traction for our other wound care brands. In particular, we are pleased with the performance of KerraMax Care and KerraFoam Gentle Border, two of our core and best-performing UK brands. This supports our view that our brands and technology have international potential and opportunity.

Gross profit
Gross profits increased by 11% to £15.6 million (2016: 21% to £14.0 million) with a consolidated gross margin of 62% for the full year (2016: 65%). The reduction is as a result of the impact of exchange rates on euro and dollar denominated purchases during the year, discussed further below. Gross margins in the US, before the impact of transfer pricing, were 62% (2016: 62%).

Operating expenses
Total administrative expenses increased by £2.7 million to £18.0 million (2016: £15.3 million) as a result of continued investment in infrastructure. Of the administrative expenses £1.3 million (2016: £1.3 million) represented non-cash charges for depreciation and amortisation.

Exceptional items
An exceptional cost of £0.5 million was incurred in the year including strategic professional advice (2016: £0.9 million, partially offset by exceptional income of £0.4 million which represented amounts received against related party debtors previously provided for).

Finance costs
Finance costs increased to £0.7m (2016: £0.2 million) and represent interest charged on the Group's borrowings. During the year the Group extended its revolving credit facility with HSBC.

Taxation
A tax credit of £0.7m has been recorded in the year (2016: £0.3 million). This consists of deferred tax credits predominantly arising from an increase in the deferred tax asset relating to losses carried forward.

Earnings per share
Loss per share was £30.63, (2016: £17.59 loss) due to increased operating expenses.

+14% like-for-like growth in UK revenue

-6% inventories reduced to £4.7m during 2017

+11% increase in gross profit

+69% of Group sales represented by advanced wound care

Cash flow and net debt
In March 2015, the Group entered into a multi-currency revolving credit facility with HBSC Bank plc. During 2017 the Group extended the committed value of the facility, which expires in March 2019, to £8,500,000, which was fully drawn at 31 March 2017 (2016: £4,500,000). The interest rate on drawings is ratcheted according to the Group's leverage ratio, as a margin above LIBOR/EURIBOR. The principal covenant is total net debt to UK EBITDA, tested quarterly.

The Group's US subsidiary entered into an invoice discounting facility in January 2017 and £0.2 million was drawn against that facility as at 31 March 2017.

The Group's subsidiary, Crawford Healthcare GmbH received £0.6 million in the year to 31 March 2017 (2016: £0.9 million) from OPED AG who have a non-controlling interest in Crawford Healthcare GmbH. This loan is denominated in Euros.

At 31 March 2017, cash and cash equivalents were £0.3 million (2016: £0.2 million) with net bank borrowing of £9.3 million (2016: £7.0 million).

During 2016 the Group purchased intangible assets totalling £4.7 million, of which £3.5 million related to the acquisition of the perpetual rights to the oxysalt technology from Exciton Technologies Inc. £2.8 million of the consideration was deferred at 31 March 2016. During 2017 0.7 million of the deferred consideration was paid, leaving 2.2 million deferred as at 31 March 2017.

Foreign exchange
Following the UK's vote to leave the EU in June 2016, there was a significant reduction in the value of Sterling against both the Euro and the US Dollar. As both our US and German subsidiaries have been loss making in the current year, the resulting increase in the translated losses in these overseas businesses had an overall negative impact on the Group's profitability and net asset position. As the international subsidiaries progress towards a cash neutral position in the coming financial year, this will create a natural hedge and reduce the Group's exposure to further currency fluctuations. When the Group's US and German subsidiaries are profitable, the Group will benefit in this regard from a weak pound.

The Group is also carrying substantial creditor balances in foreign currencies, specifically the deferred consideration associated with the Oxysalt licence acquisition, denominated in US Dollars and the loan to Crawford Healthcare GmbH by OPED AG, denominated in Euros. The Group has recognised an unrealised loss in the year in relation to the deferred consideration balance, movements on the Euro loan are recognised in other comprehensive income. The Group has implemented a small number of forward exchange contracts in the year against the largest forecast foreign currency payments to provide some protection against further exchange rate fluctuations.

Crawford sources some of its key products from international suppliers in currencies other than GBP. Fluctuations in the exchange rate therefore directly impact the cost of goods and consequently the gross margin.

UK wound care delivered like-for-like sales growth of 17% to £12.3 million

The impact of this on the Group is delayed due to the flow through of stock holdings and mitigated to some extent by international sales and has therefore been relatively limited in the current financial year. However, we expect to see this impacting further in the coming financial year.

Balance Sheet
Non-current assets
Non-current assets increased to £13.6 million at 31 March 2017 (2016: £13.1 million) as a result of continued product development in our AWC business. In February 2016, following positive market feedback and clinical data on the effectiveness of products incorporating the silver oxysalt technology, the Group acquired perpetual rights to the silver oxysalt technology in the area of AWC, for a non-contingent consideration of US$4 million, which was translated into £2.8 million and booked in deferred consideration as at 31 March 2016. As at 31 March 2017, £2.2 million of the deferred consideration remains and will be fully paid by August 2018.

Deferred tax assets have increased to £2.5 million (2016: £1.6 million) due to losses in the current year being carried forward. Management are confident that such losses will be utilised in future years.

Current assets
Inventories reduced to £4.7 million during 2017 (2016: £5.1 million) as a result of improved working capital management. Trade and other receivables reduced to £4.1 million (2016: £5.1 million) due to improved payment terms with key customers.

Total liabilities
Non-current liabilities decreased to £2.6 million from £7.3 million in 2016. This was a result of bank borrowings under the revolving credit facility with HSBC, which totalled £8.5 million at 31 March 2017 (2016: £4.5 million) being classified as current at the year-end following a technical breach of one covenant which was fully rectified after year-end, and a reduction in deferred consideration payable for the silver oxysalt technology to £1.1 million (2016: £1.9 million).

Current liabilities increased to £15.9 million (2016: £9.5 million) as a result of the classification of the revolving credit facility discussed above, offset by reduced amounts advanced against the Group's invoice discounting facility which were £1.1 million at 31 March 2017 (2016: £2.7 million) partially offset by an increase in deferred consideration payable for the silver oxysalt technology to £1.1 million (2016: £0.9 million). Deferred consideration of £0.3 million was released in the year in relation to the Archimed acquisition in 2013.

Strategic Report (continued)
Year ended 31 March 2017

Principal risks and uncertainties

Crawford Healthcare Holdings Plc is a business which generates branded product revenues principally through its own sales and marketing operations.

Our internal controls include a risk management process to identify key risks and, where possible, manage those risks through systems and processes and by implementing specific mitigation strategies. The most significant identified risks that could materially affect the Group's ability to achieve its financial and operating objectives are summarised below.

Commercial risks
There can be no assurance that current product revenues can be maintained or increased in the future. Product sales may be affected by adverse market conditions or other factors including: pricing pressures from governments or other authorities, competition from other products, the withdrawal of a product because of a regulatory or other reason, or the financial or commercial failure of a marketing partner. The Group spreads risk by commercialising its products throughout the global markets and by maintaining a broad portfolio of products. The Group maintains adequate insurance to mitigate the risks associated with product recall.

The loss of existing key customer relationships, or the failure to secure further customer relationships could have a material adverse effect on the Group's business, financial condition, future trading performance and prospects.

Crawford's business includes brands which it sells under licence from third parties. Failure to comply with the terms of these licences or to maintain a positive relationship with partners could result in the licensor terminating the licence which could also impact the Group's financial results.

Development and regulatory risks
Crawford is engaged in developing new products in addition to ongoing development of its current products. The Group is therefore involved in complex scientific and stringent regulatory areas and may not be able to successfully develop its pipeline, which could have a material adverse effect on the Group's business.

The loss of product specific, or Group-wide regulatory approvals and certifications could result in the withdrawal of products, which would impact the Group's business.

Operational risks
Crawford is in a high growth phase and the ability of the Group to implement its strategy requires effective planning and management control systems, along with a robust and scalable supply chain. Crawford's growth plans may place a significant strain on its current management and operational, financial and personnel resource. Therefore, the Group's future growth and prospects will depend on its ability to manage this growth.

Risks relating to overseas operations
Even though we have achieved success in the UK, there is no guarantee of ability to replicate similar levels of success in the US, Germany and other markets with a broader range of products. Whilst the Group is achieving an increasing level of sales traction in these market, these overseas operations are at an early stage of development and there can be no assurance that the Group's products will be favourably received in each market or that they will be profitable or produce a reasonable return on the investment. Such failure could have a material adverse effect on Crawford's business, financial condition and prospects and/or operating results.

Personnel risks
Crawford's success depends, to a significant extent, on the continued services of its senior management team and other key personnel who have extensive experience and knowledge of the Group and its business and business strategy. The loss of key personnel, if unable to be easily replaced, could negatively impact the business and its prospects for success.

Foreign exchange risk
Crawford has transactional currency exposures as certain of its revenues, expenditures, borrowings and deferred consideration liabilities are in Euros and US Dollars. Additionally, the Group has a large exposure to the US market (which will likely increase as the Group expands further into the United States as the income derived from there will be in US dollars) and, to a lesser extent, the Eurozone markets. Fluctuations in exchange rates between Sterling and Euro and US Dollars could have a material adverse effect on the Group's profitability or the price competitiveness of its products and services. Clearly the decision for the UK to exit the EU has generated some additional uncertainty in the outlook for the value of Sterling in the currency markets. The Group utilises financial instruments which hedge against foreign currency impacts where appropriate although there can be no guarantee that the Group would be able to compensate or hedge against the value of Sterling in the future.

Tax risk
Due to the Group operating in a number of different tax jurisdictions and the complexities of transfer pricing and other international tax legislation, accruals for tax contingencies and the recognition of deferred tax assets require the Directors to make judgements and estimates in relation to tax issues and exposures.

Corporate social responsibility

Crawford operates in the highly regulated pharmaceutical and medical devices sector. Hence every aspect of the products for which the Group owns the intellectual property and which are marketed or which are approved for marketing will have gone through an approval process overseen by EU, US or other national authorities to ensure their safety and efficacy.

Crawford operates in a socially and environmentally responsible manner. Despite being in a relatively low-impact industry, the Group proactively seeks ways of reducing any adverse impact upon our surroundings through recycling schemes, making more efficient use of utilities and seeking ways to reduce waste. The Group adheres to relevant legislative, regulatory and environmental codes of practice.

Board of Directors

Richard Anderson, Chief Executive Officer
Richard has been CEO of the Group since July 2009 when the current shareholders bought back the dermatology and wound care business that had previously been sold in November 2007. Earlier, in 2005, he had founded his own business and with the assistance of private equity funding, acquired Crawford Healthcare Ltd. He has 25 years' experience in total in the pharmaceutical industry, initially with AstraZeneca from 1989 to 2000 where he was a Director of Commercial Planning playing a key role in identifying and leading business development and licensing opportunities across Europe, Japan, Asia and Latin America. Richard moved to Taro Pharmaceuticals where he led the corporate development and M&A team in New York from 2001 to 2004.

Spencer Kerry, Chief Financial Officer
Spencer joined Crawford as CFO in 2012 at the start of the Group's growth phase, with responsibility to build and oversee all day to day responsibilities of the finance, supply chain and legal functions across all territories. In Germany he is a Managing Director of the Group's German subsidiary. Prior to working at Crawford, he was the deputy Finance Director at EKF Diagnostics, an IVD company focusing on diabetes. Previously, he was the CFO at Myconostica, a VC backed IVD company specialising in infectious diseases. Spencer has a law degree from Cambridge University and qualified as a Chartered Accountant with Deloitte in 1999.

Simon Ashton, Chairman
Simon joined Crawford as Chairman in April 2017. A graduate of Salford University in Physics, Simon qualified as a Chartered Accountant with Deloitte and subsequently received a Diploma in Marketing and an MBA from Cranfield School of Management. Over the past 20 years he has successfully guided and grown a number of businesses within listed, privately owned and private equity environments, across sectors as diverse as chemicals, automotive, construction, foodservice, timber, office furnishings and jewellery and operating in North American, Asian and European markets.

Senior Management

Tim Holmes, Commercial Director
Tim joined Crawford in 2012 to lead the Sales and Marketing strategy and implementation. Tim previously worked for SSL International (acquired by Reckitt Benckiser in 2010) in various Senior UK Commercial roles before moving to Central Europe to become General Manager for their Czech Republic and Slovak division. At the time of the acquisition by Reckitt Benckiser he was Regional Director for MEA & CIS Regions responsible for 20 percent of SSL Group Turnover.

Christian Stephenson, R&D Director
Christian joined the Company in 2012 and is responsible for R&D, quality assurance and regulatory. He has 20 years' experience in the wound care field and has held senior positions in both the private and public sector, notably 10 years with Smith & Nephew, followed by seven years at Lantor UK which was managed to a trade sale. Christian holds a degree in Chemistry and holds a number of patents and publications.

Dave Posten, VP and Head of US Commercialisation
Dave joined Crawford in 2014 with more than a decade of experience in the medical device industry, largely acquired at ConvaTec a division of Bristol Myers Squibb. He has held positions ranging from front line sales, sales management, strategic accounts, corporate accounts management, Director of channel and NPWT, Director of sales and Vice President of sales and marketing. Dave received his BA from Augustana College.

Alison Whittaker, HR Director
Alison has been with Crawford Healthcare since 2005. She previously worked for all:sports (Retail) Ltd and has held a number of roles at Crawford. She is an Associate Member of the Chartered Institute of Personnel and Development (CIPD) and as Director of HR is responsible for all HR functions in the UK, Germany and USA.

Chris Lane, Director of Planning, Strategy and Business Development
Chris joined Crawford in July 2016 with 15 years' experience in wound care. Chris was previously Senior Director of Global Marketing for Smith & Nephew focussing on growing the key wound care franchises. Prior to that he had 9 years at Molnlycke in sales and marketing roles.

Spencer Kerry
Chief Financial Officer
23 June 2017

Directors' Report

Increasingly profitable and cash generative UK business

The Directors present their Annual Report on the affairs of the Company and the Group, together with the audited consolidated financial statements for the year ended 31 March 2017. The strategic review of the business and the Company and its subsidiaries is given on pages 6 to 11. Certain information required for disclosure in this report is provided in other sections of this Annual Report. These include the Strategic Report, the Remuneration Report and disclosures of financial risks included in note 34 of the Notes to the Financial Statements, and these are, accordingly, incorporated into this report by reference.

Key performance indicators

KPI	2017	2016	Definition, method of calculation and analysis
Revenue	£25.2m	£21.5m	Like-for-like increase of 25%. UK like-for-like sales increased by £2.4 million, US sales increased by £1.9 million, German sales increased by £0.4 million
Like-for-like revenue	£23.8m	£19.1m	
Gross margin	£15.6m	£14.0m	Like-for-like increase of 25% (2016: 20%) with a gross margin of 62% for the full year compared with 65% for 2016. The decrease is as a result of product mix and impact of foreign exchange movements.
Like-for-like gross margin	£15.2m	£12.2m	
Gross margin %	62%	65%	
Adjusted UK EBITDA	£4.1m	£5.2m	Impacted by Flaminal licence-hand-back. Like-for-like analysis below.
As a % of revenue	16%	24%	
Adjusted UK EBITDA (like-for-like)	£3.4m	£3.5m	Adjusted for impact of Flaminal licence hand-back. Reduction due to the full year impact of the expansion of sales and marketing infrastructure.
As a % of like-for-like revenue	17%	21%	

Adjusted UK EBITDA is defined as earnings before interest, tax, depreciation, amortisation, share-based payments, exceptional items and marketing services recharge from the US Company for transfer pricing purposes.

Like-for-like figures remove the licence handed back during the year ended 31 March 2017 and adjusts for constant currency rates.

Results, earnings and dividends

The loss for the financial year was £2.6 million (2016: £1.5 million). The Directors do not recommend a dividend (2016: £nil).

Going Concern

Crawford's UK business is profitable and cash generative on an operating basis. The Group continues to invest this cash in three ways: i) internal development of new products; ii) product acquisition and licensing; and iii) funding current losses in the Group's US and German operations. All of these strategies were initiated and continue to be pursued for their long term benefit to the business and shareholders, despite their short term cash impact. With respect to the US and German businesses, further losses are projected to be incurred before the business is self-sufficient from a cash perspective, however the US operations are, in the view of the Directors, on a trajectory where breakeven is reasonably foreseeable. The Directors constantly monitor the level of cash investment and likely return, and are in control of the overall level and speed of cash outlays relating to the above three areas. The Group also has the benefit of £1 million loan notes from shareholders which are committed but undrawn as at the date of these financial statements.

As at 31 March 2017 the Group was in technical breach of one of its banking covenants for its revolving credit facility. Following a review by the bank, the Group has received a full waiver for the breach and is considered to be compliant with the terms of the facility.

If the Group meets its sales projections through the next 12 months whilst continuing with the current investment strategy outlined above, the Group will not be required to source additional bank funding or equity financing. However, if the business performance deviates from projection to the extent that such financing is necessary, the Directors have every expectation of success in being able to raise such required funds in a timely manner, on the strength of the performance of the UK business and the overall attractiveness of the Group as an investment proposition. The Directors retain the ability to flex the Group strategy and fine tune the cash outflow in order to reduce the level of outgoings to a sustainable level. For this reason the financial statements have been prepared on a going concern basis.

Directors

The Directors of the Company who served during the year and up to the date of this report were:

Mr R Anderson
Chief Executive Officer

Mr S Kerry
Chief Financial Officer

Mr S Ashton
Non-executive Chairman (appointed 1 April 2017)

The names of the current Directors together with brief biographies are shown on page 11.

At the forthcoming Annual General Meeting, Spencer Kerry and Richard Anderson will retire and, being eligible, will be proposed for re-election.

Directors' Report (continued)

Capital Structure

The Company's share capital comprises a class of £1 Ordinary shares, each carrying one vote and all ranking equally with each other and a class of 1p M Ordinary shares. At 31 March 2017, the issued share capital was £66,672 comprising 66,670 £1 Ordinary shares and 200 1p M Ordinary shares (2016: £33,336 comprising 33,335 £1 Ordinary shares and 100 1p M Ordinary shares) allotted and fully paid. There are no restrictions on the transfer of shares in the Company or on voting rights of Ordinary shares. M Ordinary shares are non-voting.

Ultimate controlling party

At the current and preceding year-ends the Company was under the control of R I Hughes and C Hughes, by virtue of their majority shareholdings.

Change of control

The Company, and various subsidiaries, are party to a number of agreements which have change of control clauses. If triggered, these could lead to the acceleration of certain deferred consideration milestones, repayment and make whole charges under debt facility agreements. There are no agreements between the Company and its Directors or employees that provide for compensation for loss of office or employment following a takeover of the Company.

Directors' and Officers' Liability Insurance

Insurance cover is in force in respect of the personal liabilities which may be incurred by Directors and officers of the Company in the course of their service with the Group, as permitted by the Companies Act 2006.

Research and Development

The Group actively reviews its research and development with a view to taking advantage of the available opportunities to maintain and improve its competitive position. The Group has continued to invest in the development of new medical device products during the year, and has expensed to the income statement in the year ended 31 March 2017 £154,000 (2016: £21,000) on research and development. In accordance with International Accounting Standards a further £737,000 (2016: £902,000) has been capitalised. Following a review of development, £6,000 (2016: £16,000) of impairments were made in 2017.

Payments to suppliers

It is the Group's policy to abide by the payment terms agreed with suppliers whenever it is satisfied that the supplier has provided goods and services in accordance with agreed terms and conditions. The Group's creditor days outstanding at 31 March 2017 were 64 days (2016: 67 days). The Company's creditor days outstanding at 31 March 2017 were 596 (2016: 2).

Staff at every level are encouraged to make the fullest possible contribution to the Group's success.

Employees

The Group's aim is to recruit and retain sufficient skilled and motivated employees to meet the needs of the business, and depends on the skills and engagement of its employees in order to achieve its objectives. Staff at every level are encouraged to make the fullest possible contribution to the Group's success. Management communicates with staff through regular team briefings.

The Group is an equal opportunities employer. It is committed to eliminating all forms of discrimination and giving fair and equal treatment to all employees and job applicants in terms of recruitment, pay conditions, promotions, training and all employment matters regardless of their age, disability, race, sex, sexual orientation, marriage and civil partnership, pregnancy and maternity, gender reassignment, religion or belief. An Equality Policy is in force which aims to ensure that all employees are selected, trained, compensated, promoted and transferred solely on the strength of their competencies and abilities. The Group also believes that all employees have a right to work in an environment free from harassment and bullying.

Staff work within a defined quality system and, where appropriate, are trained in Lean Manufacturing Practices. Each line manager is responsible for implementing this approach. Employees are encouraged to become involved in the financial performance of the Group and are incentivised directly through the Company's bonus scheme, performance reviews and training and development opportunities.

Disabled employees

It is our policy to treat applicants and employees with disabilities equally and fairly, and not to discriminate against the disabled in recruitment, training, career development and promotion.

Independent Auditors

The auditor, CLB Coopers, tendered its resignation and was replaced by CLB Coopers Audit Services, who have expressed their willingness to continue in office as auditors and a resolution proposing their reappointment and authorising the Directors to determine their remuneration will be proposed at the AGM.

By order of the Board

Spencer Kerry
Director
23 June 2017

Employees: *The Group's aim is to recruit and retain sufficient skilled and motivated employees to meet the needs of the business.*

KerraCel Ag: *First FDA-cleared absorbent gelling dressing containing the unique Oxysalt™ technology.*

Directors' Responsibilities Statement

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare such financial statements for each financial year. Under that law the Directors are required to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the IAS Regulation and have also chosen to prepare the parent company financial statements in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing the parent company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether Financial Reporting Standard 101 Reduced Disclosure Framework has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

In preparing the Group financial statements, International Accounting Standard 1 requires that Directors:

- properly select and consistently apply accounting policies in accordance with IAS 8;
- make judgments and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Group's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and parent Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and parent Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' responsibility statement

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;
- the strategic report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- the annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position, performance, business model and strategy.

Disclosure of information to auditor

Each of the persons who are Directors at the time when this Directors' report is approved has confirmed that:

- so far as that Director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- that Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

This responsibility statement was approved by the board of Directors on 23 June 2017 and is signed on its behalf by:

Spencer Kerry
Director

Directors' Remuneration Report

The Board presents the Remuneration Report for the year ended 31 March 2017.

As an unlisted company, Crawford Healthcare Holdings Group Plc is not required to comply with the Directors remuneration report requirements under Main Market UK Listing Rules or those aspects of the Companies Act applicable to quoted companies. The following disclosures are made voluntarily.

Remuneration Policy

The remuneration policy is based on the need to offer competitive packages to attract, retain and motivate Senior Executives of the highest calibre, whilst at the same time not paying more than is necessary for this purpose. A cohesive reward structure consistently applied with links to corporate performance is seen as crucial in ensuring attainment of the Group's strategic goals. Regular reviews of the policy are carried out, supported by independent advice, to ensure that the range and level of emoluments and incentive schemes continue to match current market practice.

Directors' emoluments

The various elements of the remuneration for each Director in 2017 and 2016, for the period in which they were Directors, were as follows:

	Salary and fees		Annual bonus		Benefits		Pensions		Total remuneration	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016
	£'000	£'000	**£'000**	£'000	**£'000**	£'000	**£'000**	£'000	**£'000**	£'000
Richard Anderson	**190**	186	**55**	15	**3**	-	**-**	-	**248**	201
Spencer Kerry*	**109**	27	**35**	45	**2**	1	**-**	-	**146**	73
Richard Hughes	**-**	19	**-**	-	**-**	-	**-**	-	**-**	19
Total	**299**	**232**	**90**	**60**	**5**	**1**	**-**	**-**	**394**	**293**

* 2016 figures cover the period from 15 December 2015 to 31 March 2016.

The table above summarises the payments made and additional amounts earned by the Directors for the 2017 and 2016 financial years.

Executive Directors and other senior employees are entitled to private healthcare and permanent health insurance.

Independent Auditor's Report to the Members of Crawford Healthcare Holdings Plc

We have audited the financial statements of Crawford Healthcare Holdings Plc for the year ended 31 March 2017. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditor

As explained more fully in the Directors' responsibilities statement set out on page 16, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non financial information in the Group Strategic Report and the Directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 March 2017 and of the Group's loss for the period then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework as issued by the Financial Reporting Council; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter

In forming our opinion, we have considered the adequacy of the disclosures made in note 2 of the financial statements concerning the going concern status of the Company. In view of the significance of this note, we consider that it should be brought to your attention but our opinion is not qualified in this respect.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

David Clift (senior statutory auditor)
for and on behalf of

CLB Coopers Audit Services
Statutory Auditors

Ship Canal House
98 King Street
Manchester
M2 4WU
Date: 23 June 2017

Award Winning Year: *Queen's Award for Enterprise.*

Product development: *Crawford invests cash in the development of new products.*

Consolidated income statement

For the year ended 31 March 2017

	Note	Year ended 31 Mar 2017	Year ended 31 Mar 2016
		£'000	£'000
Revenue	4	**25,156**	21,540
Continuing operations	7	**25,156**	21,439
Acquisitions	7	**-**	101
Cost of sales		**(9,562)**	(7,524)
Gross profit		**15,594**	14,016
Administrative expenses excluding exceptional items		**(18,012)**	(15,265)
Other operating income	5	**281**	30
Loss from operations	7,8	**(2,137)**	(1,219)
Continuing operations		**(2,137)**	(495)
Acquisitions		**-**	(724)
Total loss from operations		**(2,137)**	(1,219)
Loss on acquisition of control of JV	19	**-**	(29)
Exceptional items	12	**(474)**	(408)
Loss before interest		**(2,611)**	(1,656)
Finance costs	11	**(708)**	(166)
Loss before taxation		**(3,319)**	(1,822)
Income tax	13	**738**	280
Loss for the financial period		**(2,581)**	(1,542)
Attributable to:			
Equity holders		**(2,042)**	(1,173)
Non-controlling interests	30	**(539)**	(369)
		(2,581)	(1,542)
Loss per share (£ per share)	14	**(30.63)**	(17.59)
Non-IFRS measures:			
Adjusted EBITDA* - UK	6	**4,090**	5,239
Adjusted EBITDA* - Group	6	**(883)**	79

* EBITDA is shown before exceptional items.

Consolidated statement of comprehensive income

For the year ended 31 March 2017

	Note	Year ended 31 Mar 2017	Year ended 31 Mar 2016
		£'000	£'000
Loss for the financial period		**(2,581)**	(1,542)
Other comprehensive income:			
Items that may be reclassified to profit and loss:			
Exchange gains arising on translation of foreign operations	31	**76**	128
Total comprehensive loss for the financial period		**(2,505)**	(1,414)
Attributable to			
Equity holders		**(1,966)**	(1,045)
Non-controlling interests	30	**(539)**	(369)
		(2,505)	(1,414)

Consolidated statement of financial position

As at 31 March 2017

	Note	31 Mar 2017	31 Mar 2016
		£'000	£'000
Assets			
Property, plant and equipment	17	**693**	764
Intangible assets	15,16	**10,482**	10,810
Investments	19	**1**	1
Deferred tax assets	26	**2,459**	1,563
Non-current assets		**13,635**	13,138
Inventories	20	**4,731**	5,058
Trade and other receivables	21	**4,101**	5,114
Cash and cash equivalents		**252**	214
Current assets		**9,084**	10,386
Total assets		**22,719**	23,524
Equity and liabilities			
Issued capital	28	**67**	33
Foreign exchange reserve	29	**276**	200
Retained earnings	29	**4,836**	6,912
Equity attributable to the parent		**5,179**	7,145
Non-controlling interest	30	**(930)**	(391)
Total equity		**4,249**	6,754
Trade and other payables		**2,556**	2,751
Loans and borrowings	24	**-**	4,500
Non-current liabilities	23	**2,556**	7,251
Trade and other payables		**7,391**	9,469
Loans and borrowings		**8,500**	48
Income tax payable		**23**	2
Current liabilities	22	**15,914**	9,519
Total liabilities		**18,470**	16,770
Total equity and liabilities		**22,719**	23,524

The financial statements were approved by the board of Directors and authorised for issue on 23 June 2017.
They were signed on behalf of the board of Directors by:

Spencer Kerry
Director

Consolidated statement of changes in equity

Equity attributable to the equity holders of the Company

	Note	Called up share capital	Retained earnings	Foreign exchange reserve	Parent equity	Non - controlling interest	Total equity
		£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Balance at 1 April 2015		**33**	**8,085**	**72**	**8,190**	**-**	**8,190**
On acquiring control of JV		-	-	-	-	(22)	(22)
Consolidated loss for the year to 31 March 2016		-	(1,173)	-	(1,173)	(369)	(1,542)
Other comprehensive income for the year		-	-	128	128	-	128
Balance at 31 March 2016	28,29,30	**33**	**6,912**	**200**	**7,145**	**(391)**	**6,754**
Bonus issue of shares		**34**	**(34)**	**-**	**-**	**-**	**-**
Consolidated loss for the year to 31 March 2017		**-**	**(2,042)**	**-**	**(2,042)**	**(539)**	**(2,581)**
Other comprehensive income for the year		**-**	**-**	**76**	**76**	**-**	**76**
Balance at 31 March 2017	28,29,30	**67**	**4,836**	**276**	**5,179**	**(930)**	**4,249**

Consolidated statement of cash flows

For the year ended 31 March 2017

	Note	Year ended 31 Mar 2017	Year ended 31 Mar 2016
		£'000	£'000
Cash flows from operating activities			
Loss after tax		**(2,581)**	(1,542)
Adjustments for:			
- Depreciation	17	**195**	174
- Amortisation and impairment	15,16	**910**	1,124
- Net finance costs	11	**708**	166
- Loss on disposal of tangible fixed assets	17	**2**	-
- Loss on disposal of intangible fixed assets	15,16	**149**	15
- Non-cash movement on acquisition		**-**	(22)
- Release of deferred consideration		**(250)**	-
- Foreign exchange movements in the period		**72**	128
- Movement in deferred tax	26	**(896)**	(396)
		(1,691)	(353)
Changes in working capital:			
- Inventories	20	**327**	(1,599)
- Trade and other receivables	21	**1,013**	(743)
- Trade and other payables	22	**(283)**	2,231
Cash absorbed by operations		**(634)**	(464)
Interest paid	11	**(708)**	(166)
Net cash absorbed by operating activities		**(1,342)**	(630)

	Note	Year ended 31 Mar 2017	Year ended 31 Mar 2016
		£'000	£'000
Cash flows from investing activities			
Purchase of tangible fixed assets	17	**(122)**	(305)
Purchase of intangible fixed assets	15,16	**(763)**	(4,652)
Reduction in cost of intangible fixed assets	15,16	**32**	-
Cash acquired with subsidiaries		**-**	2
Consideration paid		**(660)**	(872)
Consideration deferred		**-**	2,772
Net cash used in investing activities		**(1,513)**	(3,055)
Cash flows from financing activities			
Capital element of HP repayments	25	**(39)**	(39)
Bank loans received	23,24	**2,341**	2,497
Other loans received	23	**591**	871
Net cash inflow from financing activities		**2,893**	3,329
Net increase/(decrease) in cash in the period		**38**	(356)
Cash and cash equivalents at opening of period		**214**	570
Cash and cash equivalents at closing of period		**252**	214

The notes on pages 26 to 57 are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

For the year ended 31 March 2017

1. General information

Crawford Healthcare Holdings Plc (the Company) is a company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 65. The principal activities of the Company and its subsidiaries ("the Group") and the nature of the Group's operations are set out in note 6 and in the strategic report on pages 6 to 11.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below.

Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (IFRS).

The preparation of financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies. The areas where significant judgements and estimates have been made in preparing the financial statements and their effect are disclosed in note 3.

The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies set out below.

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in 'Sterling' (GBP), which is the Group's presentation currency.

All values are rounded to the nearest thousand pounds except where otherwise stated.

Going concern

Crawford's UK business is profitable and cash generative on an operating basis. The Group continues to invest this cash in three ways: i) internal development of new products; ii) product acquisition and licensing; and iii) funding current losses in the Group's US and German operations. All of these strategies were initiated and continue to be pursued for their long-term benefit to the business and shareholders, despite their short-term cash impact. With respect to the US and German businesses, further losses are projected to be incurred before the businesses are self-sufficient from a cash perspective, however the US operations are, in the view of the Directors, on a trajectory where breakeven is reasonably foreseeable. The Directors constantly monitor the level of cash investment and likely return, and are in control of the overall level and speed of cash outlays relating to the above three areas. The Group also has the benefit of £1 million loan notes from shareholders which are committed but undrawn as at the date of these financial statements. As at 31 March 2017 the Group was in technical breach of one of its banking covenants for its revolving credit facility. Following a review by the bank, the Group has received a full waiver for the breach and is considered to be compliant with the terms of the facility.

If the Group meets its sales projections through the next 12 months whilst continuing with the current investment strategy outlined above, the Group will not be required to source additional bank funding or equity financing. However, if the business performance deviates from projection to the extent that such financing is necessary, the Directors have every expectation of success in being able to raise such required funds in a timely manner, on the strength of the performance of the UK business and the overall attractiveness of the Group as an investment proposition. If required, the Directors also retain the ability to flex the Group strategy and fine tune the cash outflow in order to reduce the level of outgoings to a sustainable level. For this reason the financial statements have been prepared on a going concern basis.

Basis of consolidation

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Intercompany transactions and balances between Group entities are eliminated upon consolidation.

Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree. If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent and deferred consideration payable is recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or a liability, will be recognised in accordance with IAS 39 either in profit or loss or other comprehensive income. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously-held interests in the acquired entity is remeasured to its acquisition date fair value and the resulting gain or loss, if any, is recognised in profit or loss.

Goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Joint arrangements

The Group is a party to a joint arrangement when there is a contractual arrangement that confers joint control over the relevant activities of the arrangement to the Group and at least one other party. Joint control is assessed under the same principles as control over subsidiaries. The Group classifies its interests in joint arrangements as either joint ventures, where the Group has rights only to the net assets of the joint arrangement, or joint operations, where the Group has both the rights to assets and obligations for the liabilities of the joint arrangement.

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2017

In assessing the classification of interests in joint arrangements, the Group considers:

- The structure of the joint arrangement;
- The legal form of the joint arrangements structured through a separate vehicle;
- The contractual term of the joint arrangement agreement; and
- Any other facts and circumstances (including any other contractual arrangements).

Interests in joint arrangements are initially recognised in the consolidated statement of financial position at cost. Subsequently joint arrangements are accounted for using the equity method, where the Group's share of post acquisition profits and losses and other comprehensive income is recognised in the consolidated statement of profit and loss and other comprehensive income (except for losses in excess of the Group's investment in the joint arrangement unless there is an obligation to make good those losses).

Profits and losses arising on transactions between the Group and its joint arrangement are recognised only to the extent of unrelated investors' interests in the associate. The investor's share in the associate's profits and losses resulting from these transactions is eliminated against the carrying value of the joint arrangement.

Any premium paid for a joint arrangement above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the joint arrangement. Where there is objective evidence that the investment in a joint arrangement has been impaired the carrying amount of the investment is tested for impairment in the same way as other non financial assets.

The Group accounts for its interests in joint operations by recognising its share of assets, liabilities, revenues and expenses in accordance with its contractually conferred rights and obligations.

Joint arrangement undertakings

Investments in joint arrangements are stated at cost to set up the arrangement plus the Group's share of net assets. The Group's share of the profits or losses of the joint arrangements is included in the profit and loss account using the equity accounting basis.

New IFRSs, standards and interpretations

The following new standards and amendments to standards are mandatory for the first time for the period ended 31 March 2017 and have been applied by the Group, but have had no impact:

- IAS 1 (amendment) Presentation of financial statements
- IFRS 11 (amendment) Accounting for Acquisitions of Interests in Joint Operations
- IAS 16 (amendment) Property Plant & Equipment
- IAS 27 (amendment) Consolidated and Separate Financial Statements
- IAS 38 (amendment) Intangible assets

The following standards and interpretations were issued by the IASB and IFRS IC, but have not been adopted either because they were not endorsed by the EU at 31 March 2017 or they are not yet mandatory and the Group has not chosen to early-adopt them. The impact on the Group's financial statements of the future standards, amendments and interpretations is still under review, but the Group does not expect any of these changes to have a material impact on the results or the net assets of the Group:

- IAS 7 (amendments) Financial Instrument: Disclosures (effective 1 January 2017)
- IAS 12 (amendment) Income Taxes (effective 1 January 2017)
- IFRS 12 (amendment) Disclosure of Interests in Other Entities (effective January 2017)
- IFRS 15 (amendment) Revenue From Contracts With Customers (effective 1 January 2017)
- IFRS 9 (amendment) Financial Instruments (effective 1 January 2018)
- IFRS 16 (amendment) Leases (effective 1 January 2019)
- IFRIC 22 Foreign Currency Transactions and Advance Consideration (effective 1 January 2018).

Revenue

Revenue comprises goods supplied during the year at the point of dispatch, exclusive of Value Added Tax and trade discounts. Revenue is recognised on dispatch in line with customer terms and conditions. Revenue is recognised to the extent that it is highly likely that the economic benefits will flow to the Group and the revenue can be reliably measured.

Intangible assets and amortisation

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the income statement in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over their useful economic lives, typically up to 10 years, and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement within administrative expenses.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

Research and development costs

Development expenditures, on an individual project, are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- Its intention to complete and its ability to use or sell the asset;
- How the asset will generate future economic benefits;
- The availability of resources to complete the asset; and
- The ability to measure reliably the expenditure during development

Capitalised development costs are amortised over the periods the Group expects to benefit from selling the products developed, to a maximum of 10 years. The amortisation expense is included within administrative expenses, in the consolidated statement of comprehensive income. Amortisation begins when development is complete and the asset is available for use.

Development expenditure not satisfying the above criteria and expenditure on the research phase of internal projects are recognised in the consolidated statement of comprehensive income as incurred.

Patents and licences acquired are capitalised and amortised over the term of the patent or licence, ranging from 4 to 10 years.

Trademarks are capitalised upon registration and are amortised over their term or 10 years being the typical useful life of a trademark.

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2017

Impairment of non financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year. Impairment losses of continuing operations, including impairment on inventories, are recognised in the income statement in those expense categories consistent with the function of the impaired asset, except for a property previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

The following criteria are also applied in assessing impairment of specific assets:

Goodwill

Goodwill is tested for impairment annually as at 31 March and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash generating unit is less than their carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

During the year ended 31 March 2016 the Group transferred £200,000 from goodwill into patents & licences upon a reassessment during the hindsight period of the category of assets purchased upon the acquisition of Touchless Care Concepts LLP.

Intangible assets

Intangible assets with indefinite useful lives are tested for impairment annually as at 31 March either individually or at the cash-generating unit level, as appropriate and when circumstances indicate that the carrying value may be impaired.

Property, plant and equipment and depreciation

Items of property, plant and equipment are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Leasehold improvements – Over the term of the lease
Plant & machinery – 10 years straight line
Fixtures, fittings and equipment – 3-4 years straight line
Computer equipment – 3-4 years straight line

Depreciation is charged within administrative expenses in the profit and loss account.

Investments

Investments in unlisted entities are valued at cost less provision for impairment.

Leasing and hire purchase

Where substantially all of the risks and rewards incidental to ownership of a leased asset have been transferred to the Group (a "finance lease"), the asset is treated as if it had been purchased outright. The amount initially recognised as an asset is the lower of the fair value of the leased property and the present value of the minimum lease payments payable over the term of the lease. The corresponding lease commitment is shown as a liability. Lease payments are analysed between capital and interest. The interest element is charged to the consolidated statement of comprehensive income over the period of the lease and is calculated so that it represents a constant proportion of the lease liability. The capital element reduces the balance owed to the lessor.

Where substantially all of the risks and rewards incidental to ownership are not transferred to the Group (an "operating lease"), the total rentals payable under the lease are charged to the consolidated statement of comprehensive income on a straight line basis over the lease term. The aggregate benefit of lease incentives is recognised as a reduction of the rental expense over the lease term on a straight line basis.

Inventory

Inventories are initially recognised at cost, based on the weighted average cost of items held, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Deferred taxation

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the consolidated statement of financial position differs from its tax base, except for differences arising on:

- The initial recognition of goodwill;
- The initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit, and;
- Investments in subsidiaries and jointly controlled entities where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered).

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- the same taxable Group company, or;
- different Group entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

Deferred tax is recognised in respect of the retained earnings of an overseas subsidiary, associate or joint arrangement only to the extent that there is a commitment to remit the earnings.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2017

Foreign currencies

Transactions entered into by Group entities in a currency other than the currency of the primary economic environment in which they operate (their "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in profit or loss.

On consolidation, the results of overseas operations are translated into the presentation currency at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations, including goodwill arising on the acquisition of those operations, are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income and accumulated in the foreign exchange reserve.

Exchange differences recognised through profit or loss in Group entities' separate financial statements on the translation of long term monetary items forming part of the Group's net investment in the overseas operation concerned are reclassified to other comprehensive income and accumulated in the foreign exchange reserve on consolidation.

On disposal of a foreign operation, the cumulative exchange differences recognised in the foreign exchange reserve relating to that operation up to the date of disposal are transferred to the consolidated statement of comprehensive income as part of the profit or loss on disposal.

Pensions

The Group operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Group to the fund in respect of the year.

Contributions to defined contribution pension schemes are charged to the consolidated statement of comprehensive income in the year to which they relate.

Government grants

Government grants relating to tangible fixed assets are treated as deferred income and released to the profit and loss account over the expected useful lives of the assets concerned. Other grants are credited to the profit and loss account as the related expenditure is incurred.

Financial assets

The Group classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. The Group has not classified any of its financial assets as held to maturity or available for sale.

Other than financial assets in a qualifying hedging relationship, the Group's accounting policy for each category is as follows:

(a) Fair value through profit or loss

This category comprises only in the money derivatives (see "Financial liabilities" section for out of money derivatives). They are carried in the statement of financial position at fair value with changes in fair value recognised in the consolidated statement of comprehensive income in the finance income or expense line. Other than derivative financial instruments which are not designated as hedging instruments, the Group does not have any assets held for trading nor does it voluntarily classify any financial assets as being at fair value through profit or loss.

(b) Loans and receivables

These assets are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

The Group's loans and receivables comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position.

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and – for the purpose of the statement of cash flows bank overdrafts. Bank overdrafts are shown within loans and borrowings in current liabilities on the consolidated statement of financial position.

Financial Liabilities

The Group classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired.

Other than financial liabilities in a qualifying hedging relationship, the Group's accounting policy for each category is as follows:

(a) Fair value through profit or loss

This category comprises only out of the money derivatives (see "Financial assets" for in the money derivatives). They are carried in the consolidated statement of financial position at fair value with changes in fair value recognised in the consolidated statement of comprehensive income. The Group does not hold or issue derivative instruments for speculative purposes, nor for hedging purposes. Other than these derivative financial instruments, the Group does not have any liabilities held for trading nor has it designated any financial liabilities as being at fair value through profit or loss.

(b) Other financial liabilities

Bank borrowings are initially recognised at fair value. Transaction costs are taken directly through profit and loss. Interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the consolidated statement of financial position. For the purposes of each financial liability, interest expense includes any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Trade payables and other short term monetary liabilities, are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Share capital

Financial instruments issued by the Group are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

The Group's ordinary shares are classified as equity instruments. Equity instruments are stated at par value, any premium on issue being taken to the share premium account.

Exceptional items

Exceptional items are material items which are outside the normal scope of the Group's ordinary activities. Such items are disclosed separately within the financial statements.

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2017

3. Critical judgements and estimates

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Critical Judgements

a) Deferred tax

A deferred tax asset is recognised when it is judged probable that the Group will generate taxable profits which can be offset against tax losses. At 31 March 2017 the Group has recognised deferred tax of £1.0 million (2016: £1.0 million) which represents 34% (2016: 34%) of the carried forward losses incurred in Crawford Healthcare Inc on the basis that the US business is expected to continue to be profitable in the foreseeable future as a result of the Group's transfer pricing policy. The deferred tax was calculated based on management's estimate of the effective tax rate in the US for Crawford. Management has undertaken a sensitivity analysis on the deferred tax; for every 1% difference in the actual tax rate, the impact on the deferred tax balance would be £23,000 (2016: £29,000).

Certain restrictions exist in US tax legislation regarding the utilisation of tax losses upon a change of control which if met would mean the asset would no longer be recoverable in full.

b) Recognition and valuation of intangible assets

Capitalisation of development costs

In determining the development expenses to be capitalised, estimates and assumptions are required based on expected future economic benefits generated by products that are the result of these development costs. Other important estimates and assumptions in this assessment process are the required rate of return, the distinction between research and development, the date of first commercial benefit and the estimated useful life.

Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2. The recoverable amounts of cash generating units have been determined based on value in use calculations. These calculations require the use of estimates.

Other impairment provisions

The Group makes provisions for inventory deemed to be obsolete or slow-moving. This provision is established on each individual stock keeping unit ("SKU") based on the age of the stock and shelf life, weighed against management's experience and assessment of the present value of future cash flows.

The amounts presented as receivables in the balance sheet are net of allowances for doubtful receipt, estimated by the Group's management based on prior experience and taking into account the age of the receivable weighed against management's experience and assessment of the present value of future cash flows.

4. Revenue

A geographical analysis of revenue is as follows:

	Year ended 31 Mar 2017	Year ended 31 Mar 2016
	£'000	£'000
United Kingdom	**19,111**	18,511
Rest of Europe	**1,249**	864
Rest of World	**4,796**	2,165
Total Revenue	**25,156**	21,540

The whole of turnover and profit before taxation from both continuing activities and acquisitions in the period is attributable to the manufacture and sale of healthcare and wound care products.

5. Other Operating Income

	Year ended 31 Mar 2017	Year ended 31 Mar 2016
	£'000	£'000
Other operating income	**5**	1
Royalty income received	**26**	29
Profit on release of deferred consideration	**250**	-
Total other operating income	**281**	30

6. Segmental information

Management has determined the Group's operating segments based on the monthly management reports presented to the Chief Operating Decision Maker ("CODM"). The CODM is the Executive Directors and senior management, and the monthly management reports are used by the Group to assess segment and overall business performance, allocate resources and determine strategy.

The CODM reviews the results of the business across 4 operating segments which are United Kingdom, United States of America, Germany and Corporate to EBITDA level. All items below EBITDA are only reviewed on a consolidated level.

The Group also supplies third party distributors in a number of other territories globally and these results have been included within the UK segment on the basis that the segment revenue is based on the geographical location supplying the customer.

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2017

6. Segmental information (continued)

Segmental information is set out below:

Year ended 31 March 2017	UK	USA	Germany	Corporate	Total
Revenue	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
External sales	20,023	4,560	573	-	25,156
Inter-segment sales	4,713	-	-	(4,713)	-
Total revenue	**24,736**	**4,560**	**573**	**(4,713)**	**25,156**
EBITDA	**3,997**	**(3,973)**	**(1,000)**	**93**	**(883)**
Depreciation					(195)
Amortisation					(1,059)
Exceptional items					(474)
Loss before interest					**(2,611)**
Net finance costs					(708)
Loss before tax					**(3,319)**
Income tax					738
Loss after tax					**(2,581)**

Year ended 31 March 2016	UK	USA	Germany	Corporate	Total
Revenue	£'000	£'000	£'000	£'000	£'000
External sales	19,440	1,999	101	-	21,540
Inter-segment sales	1,501	-	-	(1,501)	-
Total revenue	20,941	1,999	101	(1,501)	21,540
EBITDA	6,515	(4,436)	(724)	(1,276)	79
Depreciation					(174)
Amortisation					(1,124)
Loss on acquisition of control of JV					(29)
Exceptional items					(408)
Loss before interest					(1,656)
Net finance costs					(166)
Loss before tax					(1,822)
Income tax					280
Loss after tax					(1,542)

Inter-segment sales are charged at a transfer price. Transfer pricing recharges for marketing services in the US have been excluded from the above analysis.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 2.

6. Segmental information (continued)

EBITDA is defined as earnings before interest, tax, depreciation and amortisation and excludes exceptional items. A reconciliation of EBITDA to Loss from operations is shown below:

	Year ended 31 Mar 2017	Year ended 31 Mar 2016
	£'000	£'000
Loss from operations	**(2,137)**	(1,219)
Add back depreciation	**195**	174
Add back amortisation	**1,059**	1,124
EBITDA	**(883)**	79

Revenues from major products and services

The Group's revenues from its major products and services were as follows:

	Year ended 31 Mar 2017	Year ended 31 Mar 2016
	£'000	£'000
Healthcare Products	**7,742**	7,077
Woundcare Products	**17,414**	14,463
Consolidated Revenue	**25,156**	21,540

Geographical information

The Group's revenue from external customers is presented in note 4 and information about its segment assets (non-current assets excluding deferred tax assets) by geographical location are detailed below:

	Year ended 31 Mar 2017	Year ended 31 Mar 2016
	£'000	£'000
UK	**11,159**	11,544
USA	**7**	18
Other	**10**	13
Total	**11,176**	11,575

Information about major customers

Included in revenues arising from the UK are revenues of approximately £18 million (2016: £17 million) which arose from sales to the Group's largest customer, a pre-wholesale distributor. No other single customers contributed 10% or more to the Group's revenue in either 2017 or 2016.

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2017

7. Analysis of operating profit

	Year ended 31 Mar 2017	Year ended 31 Mar 2016
Continuing	**£'000**	£'000
Turnover	**25,156**	21,439
Cost of sales	**(9,562)**	(7,493)
Gross Profit	**15,594**	13,946
Administrative expenses excluding exceptional items	**(18,012)**	(14,471)
Other operating income	**281**	30
Operating loss	**(2,137)**	(495)

The following amounts were included within continuing activities in relation to acquisitions made within that period:

	Year ended 31 Mar 2017	Year ended 31 Mar 2016
Acquisitions	**£'000**	£'000
Turnover	**-**	101
Cost of sales	**-**	(31)
Gross Profit	**-**	70
Administrative expenses	**-**	(794)
Operating profit	**-**	(724)

Acquisitions during 2016 relate to the Group's acquisition of Crawford Healthcare GmbH, which was previously accounted for as a joint venture.

8. Auditor's remuneration

The analysis of the auditor's remuneration is as follows:

	Year ended 31 Mar 2017	Year ended 31 Mar 2016
	£'000	£'000
Fees payable to the Company's auditor and their associates for the audit of the Company's annual accounts	**65**	67
Fees payable to the Company's auditor and their associates for the audit of the subsidiary companies	**10**	13
Total audit fee	**75**	80
- Audit-related assurance services	**3**	14
- Taxation compliance services	**12**	24
Total non-audit fee	**15**	38

9. Staff costs

The average monthly number of people employed (including the Directors) during the periods were:

	Year ended 31 Mar 2017	Year ended 31 Mar 2016
	No.	No.
Administrative staff	**33**	29
Sales and marketing staff	**90**	82
Manufacturing staff	**17**	15
	140	126

Their aggregate remuneration comprised:

	Year ended 31 Mar 2017	Year ended 31 Mar 2016
	£'000	£'000
Wages and salaries	**8,579**	6,775
Social security costs	**872**	613
Pension costs	**100**	81
Total staff costs	**9,551**	7,469

Key Management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group and the members of senior management of the Group.

	Year ended 31 Mar 2017	Year ended 31 Mar 2016
	£'000	£'000
Salary	**1,105**	736
Pension contributions	**18**	11
Total	**1,123**	747

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2017

10. Directors' remuneration

	Year ended 31 Mar 2017	Year ended 31 Mar 2016
	£'000	£'000
Emoluments	**394**	293

	Year ended 31 Mar 2017	Year ended 31 Mar 2016
Highest paid Director	**£'000**	£'000
Aggregate emoluments	**248**	201

There were no pension contributions made for Directors in the year (2016:nil). Transactions with Directors are further disclosed in note 35.

11. Finance expense

	Year ended 31 Mar 2017	Year ended 31 Mar 2016
	£'000	£'000
Bank loans	**289**	134
Loans with German partner	**73**	28
Finance leases	**4**	4
Foreign Exchange loss on deferred consideration	**342**	-
Total finance costs	**708**	166

12. Exceptional items

	Year ended 31 Mar 2017	Year ended 31 Mar 2016
	£'000	£'000
Reduction / (increase) in provision against related party debtors	**-**	443
Strategic professional advice	**(212)**	(851)
Settlement of legal dispute	**(115)**	-
Severance on US restructure	**(147)**	-
Total exceptional items	**(474)**	(408)

The provision against related party debtors is disclosed in note 35 in relation to Vampex Limited, Sabarep Limited and Zindaclin (USA) Limited. The income in 2016 relates to payments received against amounts previously fully provided for.

13. Taxation

	Year ended 31 Mar 2017	Year ended 31 Mar 2016
Analysis of tax credit in year	**£'000**	£'000
Current tax:		
UK corporation tax credit on profit for the period	**-**	-
Deferred tax:		
Origination and reversal of timing differences	**(581)**	(269)
Effect of tax rate change on opening balance	**-**	24
Adjustments in respect of prior periods	**(157)**	(35)
Tax (credit) on (loss)/profit on ordinary activities	**(738)**	(280)

The tax assessed during the audited years ended 31 March 2017 is higher (2016: lower) than the standard rate of corporation tax in the UK of 20% (2016: 20%). The differences are explained below:

	Year ended 31 Mar 2017	Year ended 31 Mar 2016
	£'000	£'000
(Loss)/profit on ordinary activities before tax	**(3,319)**	(1,822)
Standard rate of corporation tax in the UK	**20%**	20%
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK	**(664)**	(364)
Effects of:		
Expenses not deductible for tax purposes	**43**	180
Income not taxable	**(50)**	(211)
Additional deduction for R&D expenditure	**(232)**	(140)
Adjustments in respect of prior periods	**(157)**	(35)
Adjust opening and closing deferred tax to average rate	**34**	58
Movement in capital allowances	**3**	(18)
Other ineligible items	**244**	213
Foreign tax rate differential	**41**	37
Tax credit on loss on ordinary activities	**(738)**	(280)

Factors that may affect future tax charges

The Group had tax losses carried forward in the year ended 31 March 2017 of £12,293,000 (2016: £6,840,000). A deferred tax asset in relation to tax losses has been recognised in the Group during the year to 31 March 2017 of £2,507,000 (2016: £1,652,000).

In 2015 the UK government enacted legislation setting the main rate of corporation tax at 19% for years starting 1 April 2017, 2018 and 2019. In 2016 the UK government enacted legislation setting the main rate of corporation tax at 17% for the year starting 1 April 2020.

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2017

14. Earnings per share (EPS)

	Year ended 31 Mar 2017	Year ended 31 Mar 2016
	£'000	£'000
(Loss for year attributable to shareholders and earnings used in basic EPS £'000	**(2,042)**	(1,173)
Weighted average number of shares used in basic EPS	**66,670**	66,670
Basic and diluted EPS	**(30.63)**	(17.59)

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year, adjusted for the bonus issue as described below. The M Ordinary shares are not included within the calculation of weighted average number of shares as they are not eligible to receive dividend payments or participate in any distribution to shareholders.

On 26 April 2016 the Company issued 33,335 Ordinary shares and 100 M Ordinary shares to existing shareholders in the same proportions as their previous shareholdings. As a result of this transaction the allotted, called up and fully paid share capital increased to £66,670 for Ordinary Shares and £2 for M Ordinary shares. The calculation of basic and diluted earnings per share has been adjusted retrospectively for the bonus issue in all periods presented.

15. Intangible fixed assets

	Patents & Licences Etc	Deferred Development Expenditure	Trademarks	Goodwill	Total
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Cost					
At 1 April 2016	7,307	3,001	219	3,006	13,533
Additions	18	-	8	-	26
Capitalised development costs	-	737	-	-	737
Reduction in cost	(32)	-	-	-	(32)
Disposals	(7)	(179)	-	-	(186)
At 31 March 2017	**7,286**	**3,559**	**227**	**3,006**	**14,078**
Accumulated amortisation					
At 1 April 2016	1,892	532	115	184	2,723
Charge for the year	855	33	16	-	904
Impairment	-	6	-	-	6
Disposals	(7)	(30)	-	-	(37)
At 31 March 2017	**2,740**	**541**	**131**	**184**	**3,596**
Net book value:					
At 31 March 2017	**4,546**	**3,018**	**96**	**2,822**	**10,482**
At 31 March 2016	5,415	2,469	104	2,822	10,810

The impact of foreign exchange on both costs and amortisation is not material.

15. Intangible fixed assets (continued)

	Patents & Licences Etc	Deferred Development Expenditure	Trademarks	Goodwill	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 April 2015	3,461	2,099	132	3,206	8,898
Additions	3,663	-	87	-	3,750
Capitalised development costs	-	902	-	-	902
Transfer of asset between clases	200	-	-	(200)	-
Disposals	(17)	-	-	-	(17)
At 31 March 2016	7,307	3,001	219	3,006	13,533
Accumulated amortisation					
At 1 April 2015	1,132	261	24	184	1,601
Charge for the year	604	255	19	-	878
Impairment	158	16	72	-	246
Disposals	(2)	-	-	-	(2)
At 31 March 2016	1,892	532	115	184	2,723
Net book value:					
At 31 March 2016	5,415	2,469	104	2,822	10,810
At 31 March 2015	2,329	1,838	108	3,022	7,297

During the year to 31 March 2016 the Group transferred £200,000 from goodwill into patents & licences upon a reassessment during the hindsight period of the category of assets purchased upon the acquisition of Touchless Care Concepts LLP. Amortisation for the year to March 2015 is not considered material. Included within patents and licences is the exclusive global perpetual rights to silver oxysalt technology which had a carrying value of £3.5 million at 31 March 2017 and is being amortised over the period to 8 October 2025.

16. Goodwill and impairment

The carrying amount of goodwill is allocated to the cash generating units (CGUs) as follows:

	31 Mar 2017	31 Mar 2016
	£'000	£'000
Wound Care	**2,329**	2,329
Healthcare	**493**	493
Total	**2,822**	2,822

Included in the above is £1,419,000 relating to the acquisition of Patient Plus Limited in 2012, £493,000 relating to the acquisition of Himedica Limited in 2013 and £910,000 relating to the acquisition of Touchless Care Concepts LLP in 2015.

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2017

16. Goodwill and impairment (continued)

The Group is required to test, on an annual basis, whether goodwill has suffered any impairment. The recoverable amount is determined based on value in use calculations on a CGU basis, which uses cash flow projections based on financial budgets approved by the Directors covering a twelve month period. These budgets have been adjusted for specific risk factors that take into account sensitivities of the projection. The base twelve month projection is extrapolated using reasonable growth rates specific to each CGU up to year ten of 10%, and has not been inflated for years eleven to twenty which management believes does not exceed the long-term average growth rate for the industry and forecast company growth; the growth rate would have to fall significantly in order for an impairment to be required. A discount rate of 12% per annum (2016: 12%) has been applied to these cash flows, being an estimate of current market risks and the time value of money.

The Group has conducted a sensitivity analysis on the impairment test. The Directors believe that any reasonably possible further change in the key assumptions on which the recoverable amount is based would not cause any of the carrying amounts to exceed the relevant recoverable amount.

17. Property, plant and equipment

	Leasehold Improvements	Plant & Machinery	Fixtures, fittings & equipment	Computer equipment	Total
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Cost					
At 1 April 2016	53	927	361	213	1,554
Re-allocation	32	(61)	28	1	-
Additions	26	54	15	27	122
Disposals	-	(276)	(178)	(79)	(533)
Impact of foreign exchange	-	-	1	5	6
At 31 March 2017	**111**	**644**	**227**	**167**	**1,149**
Accumulated depreciation					
At 1 April 2016	13	459	205	113	790
Re-allocation	7	(32)	24	1	-
Charge for the year	11	76	66	42	195
Disposals	-	(276)	(178)	(77)	(531)
Impact of foreign exchange	-	-	-	2	2
At 31 March 2017	**31**	**227**	**117**	**81**	**456**
Net book amount:					
At 31 March 2017	**80**	**417**	**110**	**86**	**693**
At 31 March 2016	40	468	156	100	764

The impact of foreign exchange on both cost and amortisation is not material.

17. Property, plant and equipment (continued)

	Leasehold Improvements	Plant & Machinery	Fixtures, fittings & equipment	Computer equipment	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 April 2015	52	858	227	108	1,245
Additions	1	69	132	98	300
Additions from acquisitions	-	-	-	5	5
Impact of FX	-	-	2	2	4
At 31 March 2016	**53**	**927**	**361**	**213**	**1,554**
Accumulated depreciation					
At 1 April 2015	8	388	140	79	615
Charge for the year	5	71	64	34	174
Impact of FX	-	-	1	-	1
At 31 March 2016	**13**	**459**	**205**	**113**	**790**
Net book amount:					
At 31 March 2016	**40**	**468**	**156**	**100**	**764**
At 31 March 2015	44	470	87	29	630

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	31 Mar 2017	31 Mar 2016
	£'000	£'000
Fixtures, fittings and computer equipment	**-**	105

18. Subsidiaries

The Group consists of a parent company, Crawford Healthcare Holdings Plc, incorporated in the UK and a number of subsidiaries and associates held directly and indirectly by Crawford Healthcare Holdings Plc, which operate and are incorporated around the world. Note 3 to the Company's separate financial statements lists details of the interests in subsidiaries.

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests 31 Mar 2017	Profit (loss) allocated to non-controlling interests 31 Mar 2017	Accumulated non-controlling interests 31 Mar 2017
			£'000	**£'000**
Crawford Healthcare GmbH	**Germany**	**49%**	**(539)**	**(930)**

The reconciliation of non-controlling interests in note 30 includes an analysis of the profit or loss allocated to non-controlling interest.

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2017

19. Investments

	Notes	Other investments	Investment in Joint arrangements	Total investments
		£'000	£'000	**£'000**
Cost				
At 1 April 2015		-	6	6
Loss recognised on revaluation to fair value of net assets on acquiring control		-	(29)	**(29)**
Amount transferred to consideration for acquisition of subsidiary		-	23	**23**
Additions		1	-	**1**
At 31 March 2016		1	6	**1**
At 31 March 2017		**1**	**-**	**1**
Net book value:				
At 31 March 2017		**1**	**-**	**1**
At 31 March 2016		1	-	1

20. Inventories

During the year ended 31 March 2017 £234,000 of inventory was expensed in relation to sales and marketing costs (2016: £213,000). Included within the cost of inventory above is £358,000 of write down on the value of inventory (2016: £277,000).

	Year ended 31 Mar 2017	Year ended 31 Mar 2016
	£'000	£'000
Raw materials	**410**	539
Work in progress	**22**	144
Finished goods and goods for resale	**4,299**	4,375
Total inventory	**4,731**	5,058
Cost of inventory included in cost of sales	**8,527**	6,641

21. Trade and other receivables

	31 Mar 2017	31 Mar 2016
	£'000	£'000
Trade receivables	**3,226**	4,446
Other receivables	**395**	254
Prepayments and accrued income	**480**	414
Total trade and other receivables	**4,101**	5,114

Certain of the Group's trade receivables are factored out by invoice discounting arrangements with HSBC Bank plc and Bridgeport Capital Funding LLC, disclosed further in note 24. The Group is committed to underwrite any of the debts transferred and therefore continues to recognise the debts sold within trade receivables until the debtors repay or default. At 31 March 2017 £2,203,000 (2016: £3,996,000) of trade receivables had been factored out.

As at the year ended 31 March 2017 trade receivables of £413,000 (2016: £2,018,000) were past due but not impaired. They relate to customers with no default history. The ageing analysis of these receivables is as follows:

	31 Mar 2017	31 Mar 2016
	£'000	£'000
31-60 days	**211**	1,929
61-90 days	**58**	44
>90 days	**144**	45
Total	**413**	2,018

As at the year ended 31 March 2017 trade receivables of £63,000 (2016: £12,000) were past due and fully impaired. The ageing analysis of these receivables is as follows:

	31 Mar 2017	31 Mar 2016
	£'000	£'000
31-60 days	**2**	-
61-90 days	**39**	-
>90 days	**22**	12
Total	**63**	12

The main factors considered by the Board in determining that the amounts due are impaired are the age of the debt, the type of customer (such as public or private sector) and whether we have an ongoing trading relationship with the customer. The average credit period taken on sales of goods is 47 days (2016: 75 days).

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2017

22. Current liabilities

	31 Mar 2017	31 Mar 2016
	£'000	£'000
Invoice discounting advances	1,100	2,711
Trade payables	2,904	2,859
Other taxation and social security	589	596
Accruals and deferred income	1,704	2,046
Deferred consideration	1,094	1,218
Net obligations under finance leases and hire purchase contracts	-	39
Total trade and other payables	**7,391**	9,469
Bank loans	8,500	48
Corporation tax	23	2
Total current liabilities	**15,914**	9,519

Invoice discounting advances are secured by way of an all asset debenture. Bank loans are secured by way of a debenture over the assets of the Group. Hire purchase assets are secured against the assets to which they relate. Deferred consideration principally constitutes payments due with respect to a licence acquisition for silver oxysalt technology. Deferred consideration of £0.3 million was released in the year in relation to the Archimed acquisition in 2013 as the Directors believe it will no longer be payable.

During the year ended 31 March 2015 the Company secured a revolving credit facility ("RCF") with HSBC Bank plc, which is disclosed in note 24. During the year ended 31 March 2017, the Company secured and extension to this facility of £2 million. Following a technical breach of one of the RCF covenants at year-end which has now been fully waived, the loan is classified as current in 2017.

23. Non-current liabilities

	31 Mar 2017	31 Mar 2016
	£'000	£'000
Deferred consideration	1,094	1,880
Other loans	1,462	871
Total trade and other payables	**2,556**	2,751
Bank loans	-	4,500
Total non-current liabilities	**2,556**	7,251

Deferred consideration principally constitutes amounts payable with respect to the acquisition of a licence for silver oxysalt technology. During the year ended 31 March 2015 the Company secured a revolving credit facility ("RCF") with HSBC Bank plc, which is disclosed in note 24. Following a technical breach of one of the RCF covenants at year-end which has now been fully waived, the loan is classified as current in 2017.

Bank loans are secured by way of a debenture over the assets of the Group.

24. Loans and borrowings

In March 2015 the Group entered into a multi-currency revolving credit facility with HBSC Bank plc ("the RCF"). The principal features of the facility are:

- The committed value of the facility is £8,500,000 which was fully drawn at 31 March 2017 (2016: £4,500,000)
- The interest rate on drawings is ratcheted according to the Group's leverage ratio, the margin is currently 2.00% above LIBOR/EURIBOR;
- The facility is secured by way of debenture over the Group's assets; and
- The facility expires in March 2019.

All Group bank loans are held in GBP.

As at 31 March 2017 the Group was in breach of one of its banking covenants for the RCF. Following a review by the bank, the Group has received a waiver for the breach and is considered to be compliant with the terms of the facility.

The Directors consider that the fair value of the Group's loans and borrowings do not differ significantly from their book values.

Borrowings are repayable as follows:

	31 Mar 2017	31 Mar 2016
Bank Loans	£'000	£'000
Under one year	8,500	-
Over one and under five years	-	4,500

Following a technical breach of one of the RCF covenants at year-end which has now been fully waived, the loan is classified as current in 2017.

25. Finance leases

The Group has leased certain large scale items of its plant and machinery with a net carrying value at the year ended. 31 March 2017 of £nil (2016: £105,000). Future lease payments are due as follows:

At 31 March 2016	Minimum lease payment	Interest	Present value
	£'000	£'000	£'000
Not later than one year	42	(3)	39
Total	**42**	**(3)**	**39**

At 31 March 2017	Minimum lease payment	Interest	Present value
	£'000	£'000	£'000
Total	-	-	-

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2017

26. Deferred taxation

	Year ended 31 Mar 2017	Year ended 31 Mar 2016
	£'000	£'000
At beginning of period	**1,563**	1,167
Movement during period	**738**	280
Foreign exchange impact on the deferred tax balance	**158**	116
At end of period	**2,459**	1,563

The deferred tax balance is made up as follow:

	31 Mar 2017	31 Mar 2016
	£'000	£'000
Accelerated capital allowances	**(51)**	(91)
Tax losses available to carry forward	**2,479**	1,624
Other short term timing differences	**3**	2
Business combinations	**28**	28
Total	**2,459**	1,563

At 31 March 2017 and in subsequent periods the Directors believe the deferred tax asset recognised and carried with respect to US losses of £1,039,000 (2016: £1,006,000) to be recoverable. Certain restrictions exist in US tax legislation regarding the utilisation of tax losses upon a change of control which if met would mean the asset would no longer be recoverable in full. Deferred tax on business combinations arises as a result of the fair value adjustments made.

27. Government grants

	Year ended 31 Mar 2017	Year ended 31 Mar 2016
	£'000	£'000
At the beginning of the period	**-**	2
Acquired	**-**	-
Released in the period	**-**	(2)
At the end of the period	**-**	-

The Government grant provision arose on the acquisition of Himedica Ltd by the Group during 2013.

28. Share capital

	31 Mar 2017	31 Mar 2016
Authorised	**£**	£
Ordinary shares of £1 each	**67,334**	33,999
Ordinary "M" shares of £0.01 each	**2**	1
Total authorised share capital	**67,336**	34,000

	31 Mar 2017	31 Mar 2016
Allotted, called up and fully paid	**£**	£
Ordinary shares of £1 each	**66,670**	33,335
Ordinary "M" shares of £0.01 each	**2**	1
Total authorised share capital	**66,672**	33,336

On 26 April 2016 the Company authorised and issued 33,335 £1 Ordinary shares and 100 1p M Ordinary shares at par to existing shareholders in the same proportions as their previous shareholdings. As a result of this transaction the allotted, called up and fully paid share capital increased to £66,670 for Ordinary Shares and £2 for M Ordinary shares.

29. Reserves

The following describes the nature and purpose of each reserve within equity:

Foreign exchange reserve: gains/losses arising on retranslating the net assets of overseas operations into GBP and movements relating to the retranslation of intercompany loan accounts.

Retained earnings: All other net gains and losses not recognised elsewhere.

30. Non-controlling interests

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

Crawford Healthcare GmbH	31 Mar 2017	31 Mar 2016
	£'000	£'000
Current assets	**242**	168
Non-current assets	**9**	13
Current liabilities	**(232)**	(89)
Non-current liabilities	**(2,071)**	(951)
Equity attributable to owners of the Company	**(1,122)**	(468)
Non-controlling interests	**(930)**	(391)

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2017

30. Non-controlling interests (continued)

	Note	Year ended 31 Mar 2017	Year ended 31 Mar 2016
		£'000	£'000
Revenue	7	**573**	101
Operating expenses	7	**(1,579)**	(825)
Finance cost	11	**(95)**	(28)
Loss for the year		**(1,101)**	(752)
Loss attributable to owners of the company		**(562)**	(383)
Loss attributable to non-controlling interests		**(539)**	(369)
Net cash inflow from operating activities		**(1,084)**	(793)
Net cash inflow from investing activities		**(2)**	(13)
Net cash inflow from financing		**1,120**	818
Net cash inflow		**34**	12

Further information about non-controlling interests is given in note 18.

31. Analysis of amounts recognised in other comprehensive income

	Year ended 31 Mar 2017	Year ended 31 Mar 2016
	£'000	£'000
Exchange gains/(losses) arising on translation of foreign subsidiaries	**76**	128

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries. It is also used to record the effect of hedging net investments in foreign operations.

32. Pension commitment

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in independently administered funds. The pension cost charge during the year ended 31 March 2017 of £99,000 (2016: £81,000) represents contributions payable by the Group to the funds.

At the year ended 31 March 2017, contributions of £14,000 (2016: £14,000) were outstanding and included within other creditors.

33. Operating leases

The Group maintains a mixed portfolio of leased properties, the terms of which vary from country to country. The Group also leases a number of vehicles for use by its staff on agreements with a maximum term of 3 years.

The Group had future aggregate minimum lease payments under non cancellable operating leases as follows:

	31 Mar 2017		31 Mar 2016	
	Land and Buildings	**Other**	Land and Buildings	Other
	£'000	**£'000**	**£'000**	**£'000**
Within 1 year	**178**	**409**	178	305
Between 2 and 5 years	**194**	**322**	372	299

£735,000 of lease payments under operating leases were recognised as an expense in the year ended 31 March 2017 (2016: £657,000)

34. Financial Instruments

Capital Management

The Group defines the capital that it manages as the Group's total equity. The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern; to provide an adequate return to investors based on the levels of risk undertaken; to have available the necessary financial resources to allow the Group to invest in areas that may deliver future benefits and returns to investors; and to maintain sufficient financial resources to mitigate against risks and unforeseen events together with ensuring compliance with the Group's existing banking covenants on borrowings, which were complied with fully throughout the year.

Taking into account the going concern disclosures in note 2, the Group believes it has sufficient ongoing cash and cash equivalents to meet its stated capital management objectives and the Directors believe that the capital management objectives have been met throughout the financial year.

Gearing ratio

The gearing ratio at the year-end is as follows:

	31 Mar 2017	31 Mar 2016
	£'000	£'000
Invoice discounting advances	**(1,100)**	(2,711)
Bank loans	**(8,500)**	(4,500)
Other loans	**(1,462)**	(871)
Debt	**(11,062)**	(8,082)
Cash and cash equivalents	**252**	214
Net Debt	**(10,810)**	(7,868)
Equity	**4,249**	6,754
Net debt to equity ratio	**254%**	116%

Debt is defined as long- and short-term borrowings as detailed in notes 22 and 23.

Equity includes all capital and reserves of the Group that are managed as capital.

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2017

Significant accounting policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the basis of measurement and the bases for recognition of income and expenses) for each class of financial asset, financial liability and equity instrument are disclosed in note 2.

Categories of financial instruments

	31 Mar 2017	31 Mar 2016
	£'000	£'000
Financial assets:		
Cash and bank balances	**252**	214
Trade and other receivables	**3,621**	4,700
Financial liabilities:		
Amortised cost	**16,154**	14,126

Financial instruments - risk management

The Group is exposed through its operations to a variety of financial and market risks (including foreign currency risk, fair value interest rate risk, cashflow interest rate risk, credit risk and liquidity risk). In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements. There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

Principal financial instruments

The principal financial instruments used by the Group, from which financial instrument risk arises, are; trade receivables, cash and cash equivalents, trade and other payables and floating rate bank loans.

The Directors believe that the fair value of the Group's assets is not materially different from their book value.

The majority of cash balances are in Sterling therefore there are no material effects of exchange rates on the cash and cash equivalents balances to be reported in the statement of cash flows.

General objectives, policies and processes

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Board receives monthly reports from the finance department through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below.

Liquidity risk

The Group manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the Group has sufficient liquid resources to meet the operating needs of the business. Details of the Group's loans and interest rates is given in note 24.

Interest rate risk

The Group is exposed to fair value interest rate risk on its fixed rate borrowings and cash flow interest rate risk on its loans. The Group does not use interest rate derivatives to manage its exposure to changes in interest rates.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings, after the impact of hedge accounting. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings as follows:

	Increase/(decrease) in basis points	Effect on profit before tax
		£'000
2017	**+100**	**-92**
	-100	**+92**
2016	+100	-33
	-100	+33

Foreign currency risk

The Group's principal foreign currency exposures arise from trading with overseas companies. The Group policy permits but does not demand that these exposures may be hedged in order to fix the cost in Sterling. The following table demonstrates the sensitivity to a reasonably possible change in the Sterling to US dollar and Euro exchange rates, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities).
The Group's exposure to foreign currency changes for all other currencies is not material.

	Change in US$ rate	Effect on profit before tax
		£'000
2017	**+10%**	**+413**
	-10%	**-497**
2016	+10%	+360
	-10%	-440

	Change in € rate	Effect on profit before tax £'000
		£'000
2017	**+10%**	**+157**
	-10%	**-192**
2016	+10%	+51
	-10%	-62

The movement on the pre-tax effect is a result of a change in the fair value of derivative financial instruments not designated in a hedging relationship and monetary assets and liabilities denominated in US dollars, where the functional currency of the entity is a currency other than US dollars. Although the derivatives have not been designated in a hedge relationship, they act as a commercial hedge and will offset the underlying transactions when they occur.

Credit risk

Investments of cash surpluses, borrowings and derivative instruments are made through banks and companies which must fulfil credit rating criteria approved by the Board.

All customers who wish to trade on credit terms are subject to credit verification procedures. Trade receivables are reviewed on a regular basis and provision is made for doubtful debts when necessary. The aging profile of debtors and associated provisions are included in note 21.

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2017

35. Related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Group and its associates are disclosed below.

Transactions with Directors

In addition to the amounts disclosed in note 10, during the period the Group operated a personal loan account for the benefit of one of its Directors, R Anderson. The loan is interest free and repayable on demand. At the year ended 31 March 2017, a balance outstanding of £125,000 (2016: £72,000) was included in other debtors of the Group.

Vampex Limited

Vampex Limited is related to the Group by virtue of R Anderson's common Directorship. There were no transactions with Vampex in the year (2016: £nil).

Included within other debtors at the year ended 31 March 2017 is a balance of £nil (2016: £nil) owed to the Group by Vampex Limited. During the year ended 31 March 2016 a payment of £159,000 was received against balances previously fully provided for.

Zindaclin (USA) Limited

Zindaclin (USA) Limited is related to the Group by virtue of R Anderson's common Directorship. During the year the following transactions arose:

	Year ended 31 Mar 2017	Year ended 31 Mar 2016
	£'000	£'000
Expenses paid on behalf of Zindaclin (USA) Limited	**-**	1

Included within other debtors as owed to the Group by Zindaclin (USA) Limited at the year ended of 31 March 2017 is a balance of £nil (2016: £nil). During the year ended 31 March 2016 a payment of £18,000 was received against the full balance previously fully provided for and the amount expensed in the year.

Sabarep Limited

Sabarep Limited is related to the Group by virtue of R Anderson's common Directorship. During the year the following transactions arose:

	Year ended 31 Mar 2017	Year ended 31 Mar 2016
	£'000	£'000
Expenses paid on behalf of Sabarep Limited	**-**	79

Included within other debtors as owed to the Group by Sabarep Limited at the year ended 31 March 2017 was a balance of £nil (2016: £nil). At the year ended 31 March 2016 the balance of £115,000 was provided for in full including £79,000 expensed during that year. During the year ended 31 March 2016 a payment of £346,000 was received against balances previously fully provided for.

JJS Pharma Consulting LLP

JJS Pharma Consulting LLP is related to the Group by virtue of R Anderson's common Directorship/membership. During the year the following transactions arose:

	Year ended 31 Mar 2017	Year ended 31 Mar 2016
	£'000	£'000
Consultancy fees charged by JJS Pharma Consulting LLP	**-**	166
Expenses paid on behalf of JJS Pharma Consulting LLP	**12**	-

Included within other debtors as owed to the Group by JJS Pharma Consulting LLP at the year ended 31 March 2017 was a balance of £69,000 (2016: £57,000). The debtor is interest free and payable on demand. Payments of £nil (2016: £155,000) were made to JJS Pharma Consulting LLP during the year.

Medusa Partners LLP

Medusa Partners LLP is related to the Group by virtue of R Hughes's common control. During the year the following transactions arose:

	Year ended 31 Mar 2017	Year ended 31 Mar 2016
	£'000	£'000
Consultancy fees charged by Medusa Partners LLP	**100**	25

Included within trade creditors as owed by the Group to Medusa Partners LLP at the year ended 31 March 2017 was a balance of £120,000 (2016: £8,000 in other creditors). The creditor is interest free and payable on demand. Payments of £8,000 (2016: £62,000) were made to Medusa Partners LLP during the year.

Company statement of financial position

As at 31 March 2017

	Note	31 Mar 2017	31 Mar 2016
		£'000	£'000
Assets			
Investments	3	**193**	193
Non-current assets		**193**	193
Trade and other receivables	4	**15,284**	4,140
Cash and cash equivalents		**6**	1
Current assets		**15,290**	4,141
Total assets		**15,483**	4,334
Equity and liabilities			
Issued capital	7	**67**	33
Retained earnings		**6,362**	(1,027)
Total equity		**6,429**	(994)
Loans and borrowings	6	**-**	4,500
Non-current liabilities		**-**	4,500
Trade and other payables	5	**554**	828
Loans and borrowings	6	**8,500**	-
Current liabilities		**9,054**	828
Total liabilities		**9,054**	5,328
Total equity and liabilities		**15,483**	4,334

The financial statements of Crawford Healthcare Holdings Plc (registered number: 06957857) were approved by the board of Directors and authorised for issue on 23 June 2017. They were signed on behalf of the board of Directors by:

Spencer Kerry
Director

Company statement of changes in equity

As at 31 March 2017

	Note	Called up share capital	Retained earnings	Total equity
		£'000	**£'000**	**£'000**
Balance at 1 April 2015		**33**	**32**	**65**
Loss for the year to 31 March 2016		-	(1,059)	(1,059)
Balance at 31 March 2016	7	**33**	**(1,027)**	**(994)**
Bonus issue of shares		34	(34)	-
Profit for the year to 31 March 2017		-	7,423	7,423
Balance at 31 March 2017	7	**67**	**6,362**	**6,429**

Notes to the company financial statements

For the year ended 31 March 2017

1. Summary of significant accounting policies

The separate financial statements of the Company are presented as required by the Companies Act 2006. The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, in the year ended 31 March 2016 the Company has decided to adopt FRS 101 and has undergone transition from reporting under IFRSs adopted by the European Union to FRS 101 as issued by the Financial Reporting Council. Accordingly, the financial statements have therefore been prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council. This transition is not considered to have had a material effect on the financial statements.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payment, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement and certain related party transactions.

Where required, equivalent disclosures are given in the consolidated financial statements.

The financial statements have been prepared on the historical cost basis. The principal accounting policies adopted are the same as those set out in note 2 to the consolidated financial statements except as noted below.

Investments in subsidiaries and associates are stated at cost less, where appropriate, provisions for impairment.

2. Profit for the year

As permitted by Section 408 of the Companies Act 2006 the Company has elected not to present its own profit and loss account for the year. Crawford Healthcare Holdings Limited reported a profit for the financial year ended 31 March 2017 of £7,422,160 (2016: £1,058,568 loss).

The auditor's remuneration for audit and other services is disclosed in note 8 to the consolidated financial statements.

The Company had no employees other than the Directors in the year (2016: nil). The Directors' remuneration is detailed in note 10 to the consolidated financial statements.

3. Fixed asset investments

	Investment in subsidiaries	Investment in joint ventures	Total
	£'000	**£'000**	**£'000**
At 1 April 2015	142	50	192
Additions	1	-	1
Transfer on acquisition of control of JV	50	(50)	-
At 31 March 2016	193	-	193
At 31 March 2017	**193**	**-**	**193**

3. Fixed asset investments (continued)

The following is a listing of subsidiary companies at 31 March 2017:

Company Name	Principal Activities	Country of incorporation or registration	Percentage holding
Derms Development Limited	Intermediate holding company	United Kingdom	100% ordinary shares
Crawford Healthcare Limited *	Sale of pharmaceutical products	United Kingdom	100% ordinary shares
Crawford Healthcare (R&D) Limited	Dormant company	United Kingdom	100% ordinary shares
Zindaclin Limited	Dormant company	United Kingdom	100% ordinary shares
Crawford Woundcare Limited	Sale of wound care products	United Kingdom	100% ordinary shares
Patient Plus Limited*	Dormant company	United Kingdom	100% ordinary shares
Crawford Manufacturing Limited	Manufacture of wound care products	United Kingdom	100% ordinary shares
Himedica Ltd*	Manufacture of skincare products	United Kingdom	100% ordinary shares
Archimed LLP*	Development of wound care products	United Kingdom	100% members interest
Crawford Healthcare Inc	Sale of wound care products	United States of America	100% ordinary shares
Crawford Healthcare Canada Limited	Non-trading company	Canada	100% ordinary shares
Crawford Healthcare GmbH	Sale of wound care products	Germany	51% ordinary shares

* held indirectly

Crawford Healthcare GmbH became a subsidiary of the Group on 1 April 2015.

The investments in subsidiaries are all stated at cost less provision for impairment.

Further information about subsidiaries, including disclosures about non-controlling interests, is provided in note 18 to the consolidated financial statements.

4. Trade and other receivables

	31 Mar 2017	31 Mar 2016
	£'000	£'000
Amounts owed by 100% owned Group undertakings	**14,566**	4,060
Amounts owed by other Group undertakings	**631**	77
Other receivables	**87**	3
Total trade and other receivables	**15,284**	4,140

Notes to the company financial statements

For the year ended 31 March 2017

5. Trade and other payables

	31 Mar 2017	31 Mar 2016
	£'000	£'000
Trade payables	**363**	1
Accruals and deferred income	**191**	827
Total trade and other payables	**554**	828

6. Loans and borrowings

	31 Mar 2017	31 Mar 2016
	£'000	£'000
Bank loans	**8,500**	4,500
Total loans and borrowings	**8,500**	4,500

Bank loans are secured by way of a debenture over the assets of the Group.

The terms of the loan are set out in note 24 of the consolidated financial statements.

7. Share Capital

Details on the share capital of the Company are provided in note 28 of the consolidated financial statements.

8. Related party transactions

Included within trade and other receivables at 31 March 2017 is a loan of £631,000 which was forwarded in the year (2016: £77,000) to Crawford Healthcare GmbH, its 51% owned subsidiary. The loan is denominated in Euros with an outstanding balance of €712,000 (2016: €100,000) and accrued interest at a rate of 6% per annum. Interest income of £22,000 was recognised in the year (2016: £1,000).

Included within trade and other receivables at 31 March 2017 is a balance of £12,556,000 (2016: £2,987,000) owed by Crawford Healthcare Limited, a balance of £2,011,000 (2016: £873,000) owed by Crawford Woundcare Limited and a balance of £nil (2016: £200,000) owed by Zindaclin Limited.

The related party transactions disclosed in note 35 to the consolidated financial statements with respect to Medusa Partners LLP are with the Company.

9. Contingent liabilities

The Company has guaranteed the future payment of rentals outstanding to the landlord of the premises in Doylestown, USA occupied by Crawford Healthcare Inc. The lease runs to 31 October 2018 and the future rentals as at 31 March 2017 total £82,000.

Under the terms of the agreement with OPED AG, the Company would be required to recompense OPED AG up to a maximum of €510,000 in the event of a winding up of Crawford Healthcare GmbH.

Consolidated five year record

	IFRS 2017	IFRS 2016	IFRS 2015	IFRS 2014	IFRS 2013
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Revenue	25,156	21,540	18,355	13,474	10,507
Profit/(loss) from operations*	(2,137)	(1,219)	418	1,514	986
Profit/(loss) before tax	(3,319)	(1,822)	351	1,185	986
Basic earnings per share £	**(30.63)**	**(17.59)**	**7.53**	**19.59**	**22.35**

* before exceptional items

On 26 April 2016 the Company issued 33,335 Ordinary shares and 100 M Ordinary shares to existing shareholders in the same proportions as their previous shareholdings. As a result of this transaction the allotted, called up and fully paid share capital increased to £66,670 for Ordinary Shares and £2 for M Ordinary shares. The calculation of basic and diluted earnings per share has been adjusted retrospectively for the bonus issue in all periods presented.

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Company information

Registered number

06957857

Registered office

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Independent auditor

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Bankers

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Solicitors

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Directors at date of signature

Richard Anderson
Spencer Kerry
Simon Ashton