13 March 2019

Advanced Medical Solutions Group plc
("AMS" or the "Group")

Unaudited Preliminary Results for the year ended 31 December 2018

~Continued good growth with delivery on strategy and market expectation~

Winsford, UK: Advanced Medical Solutions Group plc (AIM: AMS), the surgical and advanced woundcare specialist company, today announces its unaudited preliminary results for the year ended 31 December 2018.

Financial Highlights:

	2018	2017	Reported growth	Growth at constant currency [1]
Group revenue (£ million)	**102.6**	96.9	6%	7%
Operating margin (%)	**27.5**	26.0	150bps	-
Adjusted[2] operating margin (%)	**28.0**	26.2	180bps	-
Profit before tax (£ million)	**28.4**	25.3	12%	-
Adjusted[2] profit before tax (£ million)	**28.9**	25.4	14%	-
Diluted earnings per share (p)	**10.48**	9.39	12%	-
Adjusted[2] diluted earnings per share (p)	**10.71**	9.46	13%	-
Net cash inflow from operating activities (£ million)	**20.4**	17.0	20%	
Net cash[3] (£ million)	**76.4**	62.5	22%	-

Proposed final dividend of 0.90p per share, making a total dividend for the year of 1.32p per share (2017: 1.10p), up 20%.

Business Highlights (including post-period end):

- Revenues up 6% to £102.6 million and by 7% at constant currency
    - Branded revenues up 12% to £62.1 million (2017: £55.2 million) and by 13% at constant currency
    - OEM revenues down 3% to £40.5 million (2017: £41.7 million) and by 2% at constant currency
- Adjusted operating margin up 180bps to 28.0% (2017: 26.2%).
- Adjusted profit before tax up 14% to £28.9 million (2017: £25.4 million).
- Continued strong performance from LiquiBand® topical tissue adhesives, sales up 22% to £31.7 million (2017: £26.0 million) and by 24% at constant currency
    - US revenues up 26% to £23.0 million (2017: £18.2 million) and by 30% at constant currency
    - Market share by volume[4] increased by 2% during the year
- Strong growth in Internal Adhesives, following the relaunch of LiquiBand® Fix 8™ laparoscopic in Q2 and the soft launch of the open device in Q4. Sales increased 21% to £2.1 milllion (2017: £1.7 million) and by 21% at constant currency
- Sales of collagens and other biosurgical devices increased by 8% to £8.6 milllion (2017: £8.0 million) and by 6% at constant currency
- Sales of sutures were impacted by regulatory challenges, up 1% at reported and constant currency to £13.3 milllion (2017: £13.1 million)
- Antimicrobial dressings up 1% to £19.6 million (2017: £19.4 million) and by 2% at constant currency
- After the period end, in January 2019, AMS announced the acquisition of Sealantis Limited ("Sealantis") for $US 25 million (approximately £19 million) in cash with royalties due on product sales until 2027
    - Innovative technology platform and products to enter $US1 billion internal sealants market
    - First product expected in the European market in H1 2021; multiple potential additional sealant products
- Appointment of Eddie Johnson as CFO and Board Director on 1 January 2019 following the retirement of Mary Tavener following 19 years of service

Outlook

The Group made good progress in the year, with new products strengthening the portfolio and the acquistion of Sealantis enabling us to drive towards unlocking further new growth from the US$1 billion internal sealants market in the short to medium term. The product portfolio was strengthened with four launches in Q4 and the Group is well prepared to navigate the increasingly challenging regulatory environment for medical device companies. The Group continues with its previously outlined long-term growth strategy and objectives and trading in the current financial year has begun in line with the Board's expectations. The Board remains optimistic about AMS's future growth prospects.

Commenting on the results Chris Meredith, Chief Executive Officer of AMS, said: "2018 was AMS's 17th consecutive year of growth with strong financial and strategic progress across the Group. Our solid revenue growth was driven by sales in our Branded division which included LiquiBand® topical tissue adhesives further increasing market share a further 2%, and the growth of our Internal Adhesives and Biosurgical devices. We have further reaffirmed our commitment to innovation through the acquisition of Sealantis which now opens up the large internal sealants market for the Group. We are well positioned to take advantage of market opportunities across our product portfolio, and we continue to actively review M&A opportunities."

– End –

Note 1 Constant currency removes the effect of currency movements by re-translating the current year's performance at the previous year's exchange rates

Note 2 All items are shown before exceptional items which were £0.4 million (2017: £nil) and amortisation of acquired intangible assets which were £0.1 million (2017: £0.1 million) as defined in the Financial Review

Note 3 Net cash is defined as cash and cash equivalents plus short term investments less financial liabilities and bank loans

Note 4 Data supplied by Global Healthcare Exchange

For further information, please visit www.admedsol.com or contact:

Advanced Medical Solutions Group plc Tel: +44 (0) 1606 545508
Chris Meredith, Chief Executive Officer
Eddie Johnson, Chief Financial Officer

Consilium Strategic Communications Tel: +44 (0) 20 3709 5700
Mary-Jane Elliott / Matthew Neal / Nicholas Brown / Olivia Manser

Investec Bank PLC (NOMAD & Broker) Tel: +44 (0) 20 7597 5970
Daniel Adams / Patrick Robb / Gary Clarence

About Advanced Medical Solutions Group plc – see www.admedsol.com

AMS is a world-leading independent developer and manufacturer of innovative and technologically advanced products for the global surgical and woundcare markets, focused on quality outcomes for patients and value for payors. AMS has a wide range of products that include tissue adhesives, sutures, biosurgical devices, internal sealants, silver alginates, alginates and foams, which it markets under its brands; LiquiBand®, LiquiBand® Fix 8™, RESORBA® and ActivHeal® as well as supplying under white label.

AMS's products, manufactured out of two sites in the UK, one in the Netherlands, two in Germany and one in the Czech Republic, are sold in more than 75 countries via a network of multinational or regional partners and distributors, as well as via AMS's own direct sales forces in the UK, Germany, the Czech Republic and Russia. Established in 1991, the Group has approximately 630 employees. For more information, please see **www.admedsol.com**.

Chairman's Statement

Overview

This has been another good year for the Group and we continue to progress as a leading, international provider of high quality, high value, innovative and technologically advanced products for the surgical and advanced woundcare markets.

Strategy

During 2018 our strategy has evolved to overcome changing market dynamics. With a focus on our strategic pillars of Growth, Innovation, Operational Excellence and Culture, we continue to provide high quality products with benefits to both patients and payors. Our acquisition of Sealantis adds significant growth potential in the internal sealants market and underlines our increasing commitment to innovation.

Board changes

As announced at our AGM in June 2018, Mary Tavener retired from the role of Chief Financial Officer and Board Director on 31 December 2018 and Eddie Johnson, who has been with AMS for seven years, as Group Financial Controller, assumed the role of Chief Financial Officer and joined the Board. We would like to thank Mary for her 19 years of dedicated and outstanding service to AMS. In her time with the Group, she has been integral to our listing on AIM, several acquisitions and this has culminated in AMS growing for 17 consecutive years.

We are also pleased that in November 2018 Alan Richardson joined the Group as Chief Operations Officer from Convatec. Alan has assumed responsibility for our Group Operations, Quality and Regulatory functions and brings with him a wealth of experience

Dividend

The Board is proposing a final dividend of 0.90p per share, to be paid on 14 June 2019 to shareholders on the register at the close of business on 24 May 2019. This follows the interim dividend of 0.42p per share on 26 October 2018 and would, if approved, make a total dividend for the year of 1.32p per share (2017: 1.10p), an increase of 20%.

On behalf of the Board, I would like to thank all of our employees for their contributions during the past year. We would not have been able to achieve our strong performance without their commitment and effort. I would also like to thank our customers, suppliers, business partners and shareholders for their continued support in helping AMS achieve its goals.

AMS continues to be in robust financial health and is well positioned to take advantage of market opportunities across our product portfolio and invest in both internal and external opportunities in line with the Group's long-term strategy and growth objectives.

Peter Allen
Chairman

Chief Executive's Statement

Group performance

I am pleased to report another good set of results for the Group. Revenue increased by 6%, or 7% at constant currency, to £102.6 million and adjusted profit before tax increased by 14% to £28.9 million, which contributed to an increase of 13% in adjusted diluted earnings per share.

Branded Business Unit sales increased strongly by 12% to £62.1 million and by 13% at constant currency, underlining the potential for our products in the global surgical market, with LiquiBand® contributing £31.7 million of sales at 22% growth, or 24% at constant currency.

We strengthened our product portfolio in both Business Units with four key launches in Q4: LiquiBand® Fix 8™ Open (EU), LiquiBand® Exceed Mini (US), silver post-operative dressing (US) and antimicrobial PHMB foam dressing (US).

Given the changing market dynamics, particularly in woundcare and the regulatory environment, we continue to evolve our organisation and strategy to maximise value and efficiency for the Group. In 2018 our strategy has evolved to allow increased focus on our four key strategic pillars of Growth, Innovation, Operational Excellence and Culture and going into 2019, we made some minor adjustments within the Business Units to better manage our different surgical and advanced woundcare opportunities and optimise the Group's routes to market. We are pleased with the progress we have made and are well positioned to drive continued growth for the future.

Market

The Group operates in the large global surgical and advanced woundcare markets, both of which have shown steady growth over many years due to favourable global healthcare trends and both provide AMS with significant future opportunities.

The growth trajectory continued in 2018 for our main surgical market and we extended our future addressable market by adding the Sealantis portfolio to our range. The addition of the Seal G and Seal G MIST products through the acquisition of Sealantis opens up a further US$1 billion market within which we do not yet compete. We anticipate that commercialisation will commence in 2021.

As reported by many other global woundcare suppliers, the advanced woundcare market has shown some weakness in the past year. This has been due to factors such as local reimbursement changes in certain countries and the entry of some lower cost competition which have slowed growth rates for all woundcare providers.

We know from our recent experiences of product recertification in Germany that the increased regulatory hurdles are likely to result in competitor product withdrawals in our surgical and woundcare markets and fewer competitors in the medium term which will result in more opportunities for the stronger, higher quality suppliers and products, including AMS. We are confident of long term growth as we continue to expand our product portfolio, enter new geographies and increase our share in each market.

Strategy

Our long-term growth strategy remains unchanged. Historically our strategy to expand into new geographies, increase distribution of our surgical products and to enhance our product portfolio has served us well and delivered several years of solid growth. As we continue to evolve to overcome changing market dynamics so does our strategy and our strategy is now based on four pillars: Growth, Innovation, Operational Excellence and Culture.

Growth

Our Growth strategy still centres on exploiting the opportunities from having multiple routes to market across multiple geographies trying to ensure our products add value to patients and payors through delivery of equal or better clinical performance without compromising care or outcomes.

Innovation

For Innovation we continue to strengthen our portfolio by developing or acquiring high quality products that allow us or our partners to make market share gains in high value segments.

Operational Excellence

In the increasingly competitive medical device space, as we continue to grow and expand our technology base, we need to ensure that we continue to drive down costs and to defend our margin through Operational Excellence. We have created the Chief Operations Officer role to lead this pillar of our business and are well advanced with developing plans to ensure ongoing continuous improvement is driven across each of our operating sites.

Culture

We are only as good as our people and we have spent significant time agreeing and communicating our desired culture and capturing the essence of what has helped AMS become the success it is today. Recruiting and retaining high calibre individuals and teams remains critical to the success of AMS and we believe the work we have done and continue to do in this area will serve us well for the future. Our Cultural pillar is captured within our Care Fair Dare values and behaviours which we use to help recruit, recognise and reward performance across the Group.

Sealantis Deal & Acquisition Strategy

The acquisition of Sealantis has brought us a pipeline of significant products, intellectual property, a strong R&D team and access to markets in which we have not historically operated. The internal sealants market is large (greater than US$1 billion) and growing, and Sealantis has developed a range of products that reduce leakage of blood or fluid in high risk surgeries. Bringing in the high quality people and products to our Group is exciting and both businesses are currently working through the integration process which we expect to complete this year. We will start clinical trials in H2 2019 in support of first product launches in H1 2021. In addition to the initial product uses in gastrointestinal surgery, significant potential opportunities have also been identified in Neuro, Orthopaedic and Cardiovascular surgery indications.

The Group continues to actively look for businesses that deliver value for shareholders, immediately or in the short to medium term, and which meet our selection criteria of being:

- Products or technologies that enable us to leverage our woundcare customer base or surgical routes to market;
- Surgically focused companies with product synergies, strong R&D capability and ownership of their own products.

We have an internal team working with advisors to identify, appraise and progress acquisition opportunities and continue to explore options to accelerate growth through select targets.

Realligned Business Units for 2019

We have identified some significant benefits accessible by implementing a realignment to our Business Units. The changes include the transfer of ActivHeal® (£6.3 million sales in 2018) from Branded to OEM, and the renaming of the Business Units to Surgical and Woundcare, respectively, to better reflect the nature of the business. The new structure was implemented in January 2019 and will be presented in this way from the H1 2019 results onwards.

Under the new structure, our Surgical Unit (previously the Branded Unit) will only include the sales, marketing, research, development and innovation of all our surgical products. Woundcare (previously the OEM Unit) will now include all advanced woundcare sales, marketing, research, development and innovation of all woundcare devices, regardless of whether they are sold under an AMS or a partner brand name.

Regulatory

As already announced, in May 2017, the European Medical Devices Regulation (MDR) started its three year transition period to replace the existing Medical Devices Directive. The MDR stipulates stricter requirements on product safety and performance, clinical evaluation and post-market clinical evidence and all medical device manufacturers will have to update their technical documentation and processes to meet the new requirements in order to continue to sell into the EU, creating a significant increase in medical regulatory activities globally.

Notified bodies will also have to operate to the new higher standards and each will have to go through their own approval process in order to be able to certify medical devices under MDR. Consequently, over the last few years the number of Notified Bodies has roughly halved to 60 and those that remain are indicating resource constraints within their organisations as they strive to meet the new regulatory requirements and the influx of requests from companies who are seeking a new body following the closure of their previous selected partner.

AMS is prepared for the impact of these regulatory changes over the next few years and expects to see market growth opportunities in the medium term as a result of this increasingly complex environment. All medical device manufacturers are at risk of experiencing delays in product approvals and recertifications and significantly increased demands for evidence on older products.

In 2018 and early 2019, AMS successfully completed its five-year recertification process for the RESORBA® product portfolio, which proved significantly more onerous than usual, as we previously reported, due to the above factors and resulted in some short-term disruption to supply. Although this did influence the phasing of our sales, the Group did not see a material impact in 2018 nor does it expect one in 2019. As a result of working through this process, AMS is able to confidently work within this regulatory framework and has prepared and actioned a robust group wide plan to navigate the regulatory challenges of the next few years.

Brexit

As already reported, AMS is well positioned and well prepared for Brexit and in early 2019, BSI Netherlands confirmed the successful reassignment of all of our UK product certificates from BSI U.K. to BSI Netherlands, with a protracted transition period for related packaging changes. As a further minor labelling change, we will have to include details of an EU Authorised Representative (Advanced Medical Solutions BV) on the packaging of our UK manufactured products. We have also completed a comprehensive review of our supply chain to identify critical raw materials and increased stock holdings to reduce the risk of supply chain disruptions.

The year ahead

We enter 2019 with optimism due to our strong and enhanced product portfolio and our regulatory strength. This provides us with significant opportunities in our large and growing markets, particularly given the anticipated impact of the EU's Medical Device Regulation. We anticipate and are already seeing products being withdrawn from the market and suppliers refusing to commit to new requirements in support of existing products. This can only be good for the stronger more capable players in the space and will increase the burden on low cost or inferior products.

The underlying demographics are still working in our favour in both our woundcare and surgical markets. As our portfolio continues to evolve through our own research and development and select acquisitons and licensing deals, as well as our continuous process of gaining new approvals and market entry across all key regions, we remain very optimistic about the future prospects for AMS.

Business Unit performance

Branded Business Unit

The Branded Business Unit reports products sold under AMS brands. Overall, revenue increased by 12% to £62.1 million (2017: £55.2 million) and by 13% at constant currency. This was driven principally by strong growth in Advanced Closure and Internal Fixation and Sealants, as well as continued growth across the rest of the product range.

Branded Business Unit	**2018**	2017	Reported Growth	Growth at constant currency
Advanced Closure	**31,719**	26,038	22%	24%
Internal Fixation and Sealants	**2,066**	1,706	21%	21%
Traditional Closure	**13,342**	13,147	1%	1%
Biosurgical Devices	**8,640**	8,036	8%	6%
Advanced Woundcare	**6,293**	6,318	0%	0%
TOTAL	**62,060**	55,244	12%	13%

Advanced Closure

Advanced Closure is the largest proportion of the Branded Business Unit. It is comprised predominately of the LiquiBand® topical skin adhesive range of products incorporating medical cyanoacrylate adhesives in combination with purpose built applicators. These products are used to close and protect a broad variety of surgical and traumatic wounds.

Advanced Closure	**2018**	2017	Reported Growth	Growth at constant currency
Americas	**22,963**	18,195	26%	30%
UK/Germany	**5,585**	5,344	5%	4%
ROW	**3,171**	2,498	27%	27%
TOTAL	**31,719**	26,038	22%	24%

The category saw strong growth in 2018, with revenue increasing by 22% to £31.7 million (2017: £26.0 million), and by 24% at constant currency. This was driven by AMS continuing to take market share, new products launches, and expansion into new markets. We are the second largest player in the global advanced closure market, and in 2018 our share of the key US market increased by 2% in the year. The Group expects this growth and market share capture to continue in the coming years.

2018 saw the successful US launch of LiquiBand® Exceed mini device which is used to close smaller wounds. The regulatory process for our newly developed large wound device is also progressing, but taking longer than anticipated, with US approval now expected in Q3 2019.

Internal Fixation and Sealants

This category comprises our LiquiBand® Fix 8™ devices, which are indicated for the internal fixation of hernia meshes using our LiquiBand® technology. Through the accurate delivery of individual drops of cyanoacrylate adhesive, LiquiBand® Fix8™ is used to hold hernia meshes in place within the body instead of traditional tacks and staples.

Revenue in this category increased by 21% to £2.1 million (2017: £1.7 million). After new design enhancements were made to our LiquiBand® Fix 8™ laparoscopic device, the product moved back into strong growth from Q2 2018 and has received very positive feedback from surgeons. In late 2018, we launched LiquiBand® Fix8™ for open surgery, which is a substantial portion of the global hernia market, and can be used for both mesh fixation and final wound closure with potential cost advantages.

The US approval process for LiquiBand® Fix8™ is well underway with patient enrolment for the clinical study in H1 2019. The global internal surgery market represents a significant opportunity for AMS and, with the acquisition of Sealantis, announced in January 2019, we now have multiple adhesive technologies to develop in combination with our applicator design expertise.

Traditional Closure
The traditional closure category includes our RESORBA® branded Absorbable and Non-absorbable Sutures. Revenue growth in the period was restricted by the regulatory challenges, increasing by 1% to £13.3 million (2017: £13.1 million). Growth has been driven by a number of new accounts recently won in the U.K. and China and by success with variants for certain surgical specialties, including dental and ophthalmic.

Whilst the suture category is complex and mature, AMS will continue to explore targeted opportunities in this area and and will aim to derive benefit by bundling sutures with other products.

Biosurgical devices
The Biosurgical devices category is principally composed of collagen-based materials including our RESORBA® Gentacoll® Gentamycin Collagen products used in Orthopaedic and Cardiac applications, and Collagen fleeces and cones used in Dental applications. Revenue increased by 8% to £8.6 million (2017: £8.0 million) and by 6% at constant currency, driven by growth in Asia and progress among some of our European distributors.

We conducted our first prescription usage of a new antibiotic collagen pouch for cardiac implantable electronic devices, such as pacemakers, in Germany. Antibiotic loaded collagens provide local, rather than systemic, drug delivery giving significant patient and environmental benefits. This is a key product development focus for AMS and we are working on development and regulatory activities for alternative antibiotics for Orthopaedic and Cardiac applications.

AMS also further broadened its range of Dura substitute products and Dental membranes in the period.

Advanced Woundcare
The Branded woundcare category is predominately the ActivHeal® range. Revenue was flat in the year at £6.3 million (2017: £6.3 million), but growth was seen in certain areas such as our newer launches in silicone and antimicrobial products.

As part of our announced Business Unit restructure, the ActivHeal® brand will be managed by the Woundcare Business Unit, enabling new product and customer opportunities to be assessed as part of our overall woundcare portfolio.

OEM Business Unit

Our OEM Business Unit reports products sold under partner brands, supporting our partners with a multi-product portfolio of advanced woundcare products and bulk materials. Revenue declined slightly by 3% to £40.5 million (2017: £41.7 million) and by 2% at constant currency.

OEM Business Unit	**2018**	2017	Reported Growth	Growth at constant currency
Infection Management	**19,622**	19,368	1%	2%
Exudate Management	**16,042**	17,004	-6%	-5%
Other Woundcare	**4,874**	5,292	-8%	-6%
TOTAL	**40,538**	41,664	-3%	-2%

Infection Management
The infection management category comprises advanced woundcare dressings that incorporate antimicrobials such as Silver and Polyhexamethylene Biguanide (PHMB). Revenue increased by 1% to £19.6 million (2017 £19.4 million) and by 2% at constant currency.

In Q4 we successfully launched our new patented silver post-operative dressing with a major US partner. This is an ergonomic dressing for total joint arthroplasty, of which there are approximately 1.6 million performed annually in the United States. In vitro data has demonstrated the product's best-in-class performance against a wide spectrum of bacteria and yeast. Following FDA approval, and also in Q4, we launched our premium PHMB foam range into the US with a new partner. The PHMB foam

range demonstrates enhanced performance, with rapid microbial activity within 24 hours and eradication of some pathogens within six hours. The market for antimicrobial foams in the US and EU is approximately £100 million and growing.

In the second half of 2019, we expect to further extend our infection management portfolio by launching an antimicrobial high performance dressing and a range of products addressing skin infections on intact skin. The Group is also working on developing next generation high-gelling products with differentiated antibiofilm claims.

Exudate Management

The exudate management category comprises advanced woundcare dressings which do not incorporate any antimicrobial elements. Revenue was impacted by changes in reimbursement levels in certain countries as well as increasing lower-cost competition and consequently declined by 6% to £16.0 million (2017: £17.0 million) and by 5% at constant currency.

AMS launched the new Lite foam product range in the period, secured a new US partner and expanded into Latin America following successful regulatory approval in Brazil.

The Group is working on extending the Lite foam portfolio with a range of shapes and sizes for the acute post surgery market, as well as extending the claims on our silicone foam range for pressure ulcer prevention.

We are confident that the above actions will counteract the ongoing challenging market conditions anticipated in 2019.

Other Woundcare

Other woundcare comprises the sealants used in woundcare, royalties and other fee income. Revenue decreased by 8% to £4.9 million (2017 £5.3 million) and by 6% at constant currency due to reduced Organogenesis royalties of £1.8 million (2017, initial year with some up front elements: £2.5 million) as end sales were impacted by lower reimbursement levels until fully reinstated in Q4.

ActivHeal ®

The realignment of the business units in 2019 to incorporate ActivHeal® into the woundcare division will enable the Business Unit to have direct access to clinicians, with a more focused approach and simplified decision making structure, in addition to commercial and R&D synergies.

Chris Meredith
Chief Executive Officer

Financial Review

Summary

The Group delivered another strong financial performance, with a 12% increase in profit before tax and a 6% increase in reported revenue. At constant currency, revenue increased by 7% with currency movements reducing revenue by approximately £0.9 million during the year.

To provide the clearest possible insight into our performance, the Group uses alternative performance measures. These measures are not defined in International Financial reporting Standards (IFRS) and, therefore, are considered to be non-GAAP (Generally accepted accounting principles) measures. Accordingly, the relevant IFRS measures are also presented where appropriate, We use such measures consistently at the half year and full year and reconcile them as appropriate. The measures used in this statement include constant currency revenue growth, adjusted operating margin and adjusted profit before tax, allowing the impacts of exchange rate volatility, exceptional items and amortisation to be separately identified. Net cash is an additional non-GAAP measure used. The Group incurred exceptional costs of £0.4 million in the year relating mainly to the acquisition of Sealantis (2017: £nil) and amortisation of acquired intangibles of £0.1 million (2017: £0.1 million).

Administration costs excluding exceptional items increased by 4.3% to £33.6 million (2017: £32.2 million) with increased investment in R&D, regulatory and sales and marketing being partially offset by favourable movements on currency contracts. The Group incurred £6.0 million of gross R&D, regulatory and clinical spend in the year (2017: £4.3 million), representing 5.8% of sales (2017: 4.4%), with increased regulatory costs incurred due to the recertification of Suture and Collagen products.

Adjusted operating margin increased by 180 bps to 28.0% (2017: 26.2%) and operating margin increased by 150 bps to 27.5% (2017: 26.0%) due to positive sales mix and favourable currency contracts.

Adjusted profit before tax increased by 14% to £28.9 million (2017: £25.4 million) and profit before tax increased by 12% to £28.4 million (2017: £25.3 million).

Reconciliation of profit before tax to adjusted proft before tax

	(Unaudited)	(Audited)
	2018	2017
	£'000	£'000
Profit before tax	**28,434**	25,277
Amortisation of acquired intangibles	**81**	134
Exceptional items	**402**	-
Adjusted profit before tax	**28,917**	25,411

The Group's effective tax rate, reflecting the blended tax rates in the countries where we operate, and including UK patent box relief was unchanged at 20.3% (2017: 20.3%).

Adjusted diluted earnings per share increased by 13% to 10.71p (2017: 9.46p) and diluted earnings per share increased by 12% to 10.48p (2017: 9.39p).

The Board is proposing a final dividend of 0.90p per share, to be paid on 14 June 2019 to shareholders on the register at the close of business on 24 May 2019. This follows the interim dividend of 0.42p per share on 26 October 2018 and would, if approved, make a total dividend for the year of 1.32p per share (2017: 1.10p), a 20% increase on 2017.

Operating result by business segment **Year ended 31 December 2018**	**Branded** **£'000**	**OEM** **£'000**
Revenue	**62,060**	**40,538**
Profit from operations	**18,197**	**10,985**
Amortisation of acquired intangibles	**76**	**5**
Adjusted profit from operations[5]	**18,273**	**10,990**
Adjusted operating margin[5]	**29.4%**	**27.1%**
Year ended 31 December 2017		
Revenue	55,244	41,664
Profit from operations	14,336	11,354
Amortisation of acquired intangibles	125	9
Adjusted profit from operations[5]	14,461	11,363
Adjusted operating margin[5]	26.2%	27.3%

Note 5: Adjusted for exceptional items and for amortisation of acquired intangible assets

Table is reconciled to statutory information in note 3 of the financial information.

Branded

The adjusted operating margin of the Branded Business Unit increased by 320 basis points to 29.4% (2017: 26.2%), supported by sales growth, beneficial sales mix and favourable currency movements. Operating costs increased, especially sales, marketing, R&D and regulatory costs, to continue to support ongoing growth.

OEM

The adjusted operating margin of the OEM Business Unit decreased slightly to 27.1% (2017: 27.3%), mainly due to the reduced royalty from Organogenesis in the period.

Currency

More than one third of Group revenues are invoiced in US Dollars and approximately one quarter are invoiced in Euros. The Group hedges significant currency transaction exposure by using forward contracts, and aims to hedge approximately 80% of its estimated transactional exposure for the next 12 to 18 months. The Group estimates that a 10% movement in the £:US$ or £:€ exchange rate will impact Sterling revenues by approximately 3.6% and 2.5% respectively and in the absence of any hedging this would have an impact on profit of 3.0% and 0.7%.

Cash Flow

Net cash inflow from operating activities increased by 20% to £20.4 million (2017: £17.0 million) and at the end of the period, the Group had net cash of £76.4 million (2017: £62.5 million).

Working capital increased during the year mainly due to trade receivables being £6.8 million higher, which was caused by a change in customer mix (more US customers on longer payment terms), sales phasing (impacted by new product launch dates and also some product availability issues relating to the recertification of RESORBA® products) and currency movements. Debtor days increased to 47 days (2017: 41 days) mainly due to the increased proportion of US debtors which are on longer payment terms. Inventory also increased during the year as we intentionally built stock levels to mitigate possible supply risks from recertification and Brexit, with inventory months increasing to 4.7 months (2017: 4.2 months of supply). Creditor days increased to 31 days (2017: 27 days).

In the year, we invested £4.7 million in capital equipment, R&D and regulatory costs (2017: £4.5 million).

Cash outflow relating to taxation decreased to £3.8 million (2017: £4.5 million) due to the timing of tax payments on account.

The Group paid its final dividend for the year ended 31 December 2017 of £1.6 million on 15 June 2018 (2017: for the year ending 2016, £1.3 million), and its interim dividend for the six months ended 30 June 2018 of £0.9 million (2017: £0.7 million) on 26 October 2018.

In December 2018, the Group secured a new £80 million, multi-currency credit facility with a £20 million accordion option. The credit facility is provided jointly by HSBC and The Royal Bank of Scotland and is in place until December 2023. It is unsecured and has not been drawn down. This facility carries an annual interest rate of LIBOR or EURIBOR plus a margin that varies between 0.60% and 1.70% depending on the Group's net debt to EBITDA ratio.

CONDENSED CONSOLIDATED INCOME STATEMENT

Year ended 31 December		**(Unaudited)**			(Audited)
		2018	Exceptional Items	Before exceptional Items	2017
	Note	**£'000**	£'000	£'000	£'000
Revenue from continuing operations	3	**102,598**	**-**	**102,598**	96,908
Cost of sales		**(39,192)**	**-**	**(39,192)**	(38,504)
Gross profit		**63,406**	**-**	**63,406**	58,404
Distribution costs		**(1,316)**	**-**	**(1,316)**	(1,130)
Administration costs		**(33,974)**	**(402)**	**(33,572)**	(32,184)
Other income		**104**	**-**	**104**	150
Profit from operations	4	**28,220**	**(402)**	**28,622**	25,240
Finance income		**378**	**-**	**378**	147
Finance costs		**(164)**	**-**	**(164)**	(110)
Profit before taxation		**28,434**	**(402)**	**28,836**	25,277
Income tax	5	**(5,784)**	**-**	**(5,784)**	(5,143)
Profit for the year attributable to equity holders of the parent		**22,650**	**(402)**	**23,052**	20,134
Earnings per share					
Basic	6	**10.63p**	**(0.19p)**	**10.82p**	9.52p
Diluted	6	**10.48p**	**(0.19p)**	**10.67p**	9.39p

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	(Unaudited)	(Audited)
	2018	2017
	£'000	£'000
Profit for the year	**22,650**	20,134
Exchange differences on translation of foreign operations	**466**	2,187
(Loss)/gain arising on cash flow hedges	**(3,064)**	4,192
Total other comprehensive (expense)/income for the year	**(2,598)**	6,379
Total comprehensive income for the year attributable to equity holders of the parent	**20,052**	26,513

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	(Unaudited)	(Audited)
	31-Dec-18	31-Dec-17
	£'000	£'000
Assets		
Non-current assets		
Acquired intellectual property rights	**9,673**	9,675
Software intangibles	**2,548**	3,078
Development costs	**3,204**	2,135
Goodwill	**42,145**	41,801
Property, plant and equipment	**18,124**	17,019
Deferred tax assets	**177**	199
Trade and other receivables	**415**	286
	76,286	74,193
Current assets		
Inventories	**14,800**	11,073
Trade and other receivables	**27,172**	20,950
Current tax assets	**813**	48
Cash and cash equivalents	**76,391**	62,454
	119,176	94,525
Total assets	**195,462**	168,718
Liabilities		
Current liabilities		
Trade and other payables	**14,643**	10,547
Current tax liabilities	**3,863**	2,290
Other taxes payable	**-**	15
	18,506	12,852
Non-current liabilities		
Trade and other payables	**655**	310
Deferred tax liabilities	**3,303**	3,120
	3,958	3,430
Total liabilities	**22,464**	16,282
Net assets	**172,998**	152,436
Equity		
Share capital	**10,674**	10,632
Share premium	**35,192**	34,778
Share-based payments reserve	**7,333**	4,676
Investment in own shares	**(156)**	(152)
Share-based payments deferred tax reserve	**708**	815
Other reserve	**1,531**	1,531
Hedging reserve	**(2,406)**	658
Translation reserve	**3,289**	2,823
Retained earnings	**116,833**	96,675
Equity attributable to equity holders of the parent	**172,998**	152,436

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Attributable to equity holders of the Group

	Share capital	Share premium	Share-based payments	Investment in own shares	Share-based payments deferred tax	Other reserve	Hedging reserve	Translation reserve	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2017 (audited)	10,524	34,005	3,469	(152)	459	1,531	(3,534)	636	78,590	125,528
Consolidated profit for the year to 31 Dec 2017	-	-	-	-	-	-	-	-	20,134	20,134
Other comprehensive income	-	-	-	-	-	-	4,192	2,187	-	6,379
Total comprehensive income	-	-	-	-	-	-	4,192	2,187	20,134	26,513
Share-based payments	-	-	1,279	-	356	-	-	-	-	1,635
Share options exercised	108	773	(72)	-	-	-	-	-	-	809
Shares purchased by EBT	-	-	-	(484)	-	-	-	-	-	(484)
Shares sold by EBT	-	-	-	484	-	-	-	-	-	484
Dividends paid	-	-	-	-	-	-	-	-	(2,049)	(2,049)
At 31 December 2017 (audited)	10,632	34,778	4,676	(152)	815	1,531	658	2,823	96,675	152,436
Consolidated profit for the year to 31 Dec 2018	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**22,650**	**22,650**
Other comprehensive (expense)/ income	**-**	**-**	**-**	**-**	**-**	**-**	**(3,064)**	**466**	**-**	**(2,598)**
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**(3,064)**	**466**	**22,650**	**20,052**
Share-based payments	**-**	**-**	**1,659**	**-**	**(107)**	**-**	**-**	**-**	**-**	**1,552**
Share options exercised	**42**	**414**	**998**	**-**	**-**	**-**	**-**	**-**	**-**	**1,454**
Shares purchased by EBT	**-**	**-**	**-**	**(600)**	**-**	**-**	**-**	**-**	**-**	**(600)**
Shares sold by EBT	**-**	**-**	**-**	**596**	**-**	**-**	**-**	**-**	**-**	**596**
Dividends paid	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(2,492)**	**(2,492)**
At 31 December 2018 (unaudited)	**10,674**	**35,192**	**7,333**	**(156)**	**708**	**1,531**	**(2,406)**	**3,289**	**116,833**	**172,998**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	(Unaudited)	(Audited)
	Year ended	Year ended
	31-Dec-18	31-Dec-17
	£'000	£'000
Cash flows from operating activities		
Profit from operations	**28,220**	25,240
Adjustments for:		
Depreciation	**2,159**	2,053
Amortisation - intellectual property rights	**81**	134
- software intangibles	**593**	415
- development costs	**325**	380
(Increase)/decrease in inventories	**(3,707)**	505
Increase in trade and other receivables	**(6,813)**	(8,627)
Increase in trade and other payables	**1,692**	73
Share-based payments expense	**1,659**	1,279
Taxation	**(3,810)**	(4,486)
Net cash inflow from operating activities	**20,399**	16,966
Cash flows from investing activities		
Purchase of software	**(304)**	(958)
Capitalised research and development	**(1,392)**	(860)
Purchases of property, plant and equipment	**(3,062)**	(2,901)
Disposal of property, plant and equipment	**78**	264
Interest received	**377**	147
Net cash used in investing activities	**(4,303)**	(4,308)
Cash flows from financing activities		
Dividends paid	**(2,492)**	(2,049)
Issue of equity shares	**430**	809
Shares purchased by EBT	**(600)**	(484)
Shares sold by EBT	**596**	484
Interest paid	**(164)**	(110)
Net cash used in financing activities	**(2,230)**	(1,350)
Net increase in cash and cash equivalents	**13,866**	11,308
Cash and cash equivalents at the beginning of the period	**62,454**	51,125
Effect of foreign exchange rate changes	**71**	21
Cash and cash equivalents at the end of the period	**76,391**	62,454

Notes Forming Part of the Condensed Consolidated Financial Statements

1. Reporting entity

Advanced Medical Solutions Group plc ("the Company") is a public limited company incorporated and domiciled in England and Wales (registration number 2867684). The Company's registered address is Premier Park, 33 Road One, Winsford Industrial Estate, Cheshire, CW7 3RT.

The Company's ordinary shares are traded on the AIM market of the London Stock Exchange plc. The consolidated financial statements of the Company for the twelve months ended 31 December 2018 comprise the Company and its subsidiaries (together referred to as the "Group").

The Group is primarily involved in the design, development and manufacture of novel high performance polymers (both natural and synthetic) for use in advanced woundcare dressings and materials, and medical adhesives and sutures for closing and sealing tissue, for sale into the global medical device market and dental market.

2. Basis of preparation

These condensed unaudited consolidated financial statements have been prepared in accordance with the accounting policies set out in the annual report for the year ended 31 December 2017 except for new standards adopted for the year.

In the current year the Group has applied a number of amendments to IFRSs issued by the IASB. Their adoption has not had a material impact on the disclosures or on the amounts reported in the Annual Financial Statements. The following amendments were applied:

- IFRS 9, Financial Instruments: Classification and measurement
- Amendments to IFRS 2, Classification and Measurement of Share-based payment Transactions

IFRS 15 was effective for annual periods beginning 1 January 2018 and replaced IAS 11 Construction Contracts and IAS 18 Revenue. The Group decided to adopt the standard early with effect for the year ended 31 December 2017.

While the financial information included in this preliminary announcement has been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRSs), as adopted for use in the EU, this announcement does not itself contain sufficient information to comply with IFRSs. The Group expects to publish full financial statements that comply with IFRSs in April 2019.

The financial information set out in the announcement does not constitute the Group's statutory accounts for the years ended 31 December 2018 or 31 December 2017. The financial information for the year ended 31 December 2017 is derived from the statutory accounts for that year, which have been delivered to the Registrar of Companies. The auditor reported on those accounts; their report was unqualified, did not draw attention to any matters by way of emphasis without qualifying their report and did not contain a statement under s498 (2) or (3) Companies Act 2006. The audit of the statutory accounts for the year ended 31 December 2018 is not yet complete. These accounts will be finalised on the basis of the financial information presented by the Directors in this preliminary announcement and will be delivered to the Registrar of Companies following the Group's annual general meeting.

The financial statements have been prepared on the historical cost basis of accounting except as disclosed in the accounting policies set out in the annual report for the year ended 31 December 2017.

With regards to the Group's financial position, it had cash and cash equivalents at the year end of £76.4 million. In December 2018, the Group entered a five-year, unsecured, multi-currency, credit facility for £80 million and which was undrawn in 2018.

While the current economic environment is uncertain, the Group operates in markets whose demographics are favourable, underpinned by an increasing need for products to treat chronic and acute wounds. Consequently, market growth is predicted. The Group has a number of contracts with customers across different geographic regions and also with substantial financial resources, ranging from government agencies through to global healthcare companies. The Group has also considered the implications that may arise as a result of Brexit and developed appropriate risk management solutions to mitigate this risk.

Having taken the above into consideration the Directors have reached the conclusion that the Group is well placed to manage its business risks in the current economic environment. Accordingly, they continue to adopt the going concern basis in preparing the preliminary announcement.

New accounting standards not yet applied

At the date of authorisation of the Annual Financial Statements, the following new and revised IFRSs that are potentially relevant to the Group, and which have not been applied in the Annual Financial Statements, were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

- IFRS 16, Leases - effective for accounting periods beginning on or after 1 January 2019.

• IFRIC 23, Uncertainty over Income Tax Treatments - effective for accounting periods beginning on or after 1 January 2019.
• Annual Improvements of IFRS Standards 2015-2017 cycle

The Directors do not expect that the adoption of the standards listed above will have a material impact on the Financial Statements of the Group in future periods, except as follows:

IFRS 16 is effective for annual periods beginning 1 January 2019 and will replace IAS 17 Leases. The standard represents a significant change in the accounting and reporting of leases for lessees as it provides a single lessee accounting model. As such it requires lessees to recognise assets and liabilities for all leases unless the underlying asset has a low value or the lease term is 12 months or less. The standard may also require the capitalisation of a lease element of contracts held by the Group which under the existing accounting standard would not be considered a lease. Early adoption is permitted if IFRS 15 'Revenue from Contracts with Customers' has also been applied; however, the Group has not undertaken this option.

The Group holds a number of operating leases, which currently, under IAS 17, are expensed on a straight line basis over the lease term. The Group has made the following estimates of the approximate impacts of adopting the new standard, which are sensitive to all changes up to the application date. If the standard had been adopted in the current year, a depreciation charge of around £1.0 million in relation to the right-of-use asset and a finance expense charge of around £0.4 million would have been recognised in place of the operating lease charge of £1.3 million. In addition, a right-of-use asset, of £9.7 million, and related lease liability of approximately £10.0 million would be recognised in the statement of financial position.

3. Segment information

As referred to in the Chief Executive's Report, the Group is organised into two Business Units: Branded and OEM (original equipment manufacturer). These Business Units are the basis on which the Group reports its segment information.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly investments and related revenue, corporate assets, head office expenses and income tax assets. These are the measures reported to the Group's Chief Executive for the purposes of resource allocation and assessment of segment performance.

Business segments

Segment information about these businesses is presented below.

Year ended 31 December 2018 (unaudited)	**Branded**	**OEM**	**Consolidated**
	£'000	**£'000**	**£'000**
Revenue			
External sales	**62,060**	**40,538**	**102,598**
Result			
Adjusted segment operating profit	**18,273**	**10,990**	**29,263**
Amortisation of acquired intangibles	**(76)**	**(5)**	**(81)**
Segment operating profit	**18,197**	**10,985**	**29,182**
Unallocated expenses			**(560)**
Exceptional costs			**(402)**
Operating profit			**28,220**
Finance income			**378**
Finance costs			**(164)**
Profit before tax			**28,434**
Tax			**(5,784)**
Profit for the year			**22,650**

At 31 December 2018 (unaudited)	**Branded**	**OEM**	**Consolidated**
Other Information	**£'000**	**£'000**	**£'000**
Capital additions:			
Software intangibles	**170**	**134**	**304**
Development	**815**	**577**	**1,392**
Property, plant and equipment	**1,731**	**1,331**	**3,062**
Depreciation and amortisation	**(1,761)**	**(1,397)**	**(3,158)**
Balance sheet			

Assets			
Segment assets	**132,234**	**62,709**	**194,943**
Unallocated assets			**519**
Consolidated total assets			**195,462**
Liabilities			
Segment liabilities	**14,235**	**8,229**	**22,464**
Consolidated total liabilities			**22,464**

Year ended 31 December 2017	Branded	OEM	Consolidated
	£'000	£'000	£'000
Revenue			
External sales	55,244	41,664	96,908
Result			
Adjusted segment operating profit	14,461	11,363	25,824
Amortisation of acquired intangibles	(125)	(9)	(134)
Segment operating profit	14,336	11,354	25,690
Unallocated expenses			(450)
Exceptional costs			-
Operating profit			25,240
Finance income			147
Finance costs			(110)
Profit before tax			25,277
Tax			(5,143)
Profit for the year			20,134

At 31 December 2017	Branded	OEM	Consolidated
Other Information	£'000	£'000	£'000
Capital additions:			
Software intangibles	715	243	958
Development	425	435	860
Property, plant and equipment	1,563	1,338	2,901
Depreciation and amortisation	(1,192)	(1,790)	(2,982)
Balance sheet			
Assets			
Segment assets	112,057	56,580	168,637
Unallocated assets			81
Consolidated total assets			168,718
Liabilities			
Segment liabilities	10,406	5,876	16,282
Consolidated total liabilities			16,282

Geographic segments

The Group operates in the UK, The Netherlands, Germany, the Czech Republic and Russia, with a sales presence in the US. In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

The following table provides an analysis of the Group's revenue by geographical market, irrespective of the origin of the goods/services, based upon location of the Group's customers:

Year ended 31 December	**(Unaudited) 2018 £'000**	(Audited) 2017 £'000
United Kingdom	**18,447**	17,266
Germany	**19,416**	19,062
Europe excluding United Kingdom and Germany	**23,987**	22,939
United States of America	**37,317**	35,330
Rest of World	**3,431**	2,311
	102,598	96,908

The following table provides an analysis of the Group's total assets by geographical location.

As at 31 December	**(Unaudited) 2018 £'000**	(Audited) 2017 £'000
United Kingdom	**120,501**	98,305
Germany	**66,485**	65,212
Europe excluding United Kingdom and Germany	**5,765**	4,743
United States of America	**2,711**	458
	195,462	168,718

4. Profit from operations

Year ended 31 December	**(Unaudited) 2018 £'000**	(Audited) 2017 £'000
Profit from operations is arrived at after charging:		
Depreciation of property, plant and equipment	**2,159**	2,053
Amortisation of:		
- acquired intellectual property rights	**81**	134
- software intangibles	**593**	415
- development costs	**325**	380
Operating lease rentals - plant and machinery	**225**	248
- land and buildings	**1,031**	1,005
Research and development costs expensed to the income statement	**3,079**	2,052
Cost of inventories recognised as expense	**37,927**	36,711
Write down of inventories expensed	**780**	1,253
Staff costs	**33,559**	29,920
Net foreign exchange loss	**88**	2,427

5. Taxation

Year ended 31 December	(Unaudited) 2018 £'000	(Audited) 2017 £'000
a) **Analysis of charge for the year**		
Current tax:		
Tax on ordinary activities – current year	**5,859**	5,397
Tax on ordinary activities – prior year	**(126)**	(293)
	5,733	5,104
Deferred tax:		
Tax on ordinary activities – current year	**107**	39
Tax on ordinary activities – prior year	**(56)**	**-**
	51	39
Tax charge for the year	**5,784**	5,143

The Group has chosen to use a weighted average country tax rate rather than the UK tax rate for the reconciliation of the charge for the year to the profit per the income statement. The Group operates in several jurisdictions, some of which have a tax rate in excess of the UK tax rate. As such, a weighted average country tax rate is believed to provide the most meaningful information to the users of the financial statements.

Year ended 31 December	(Unaudited) 2018 £'000	(Audited) 2017 £'000
b) **Factors affecting tax charge for the year**		
Profit before taxation	**28,434**	25,277
Profit multiplied by the weighted average Group tax rate of 21.08% (2017: 21.91%)	**5,994**	5,538
Effects of:		
Net expenses not deductible for tax purposes and other timing differences	**(22)**	1
Patent Box Relief	**(318)**	(310)
Net impact of deferred tax on capitalised development costs and R&D relief	**210**	170
Share-based payments	**102**	37
Adjustments in respect of prior year - current tax	**(126)**	(293)
Adjustments in respect of prior year and rate changes - deferred tax	**(56)**	**-**
Taxation	**5,784**	5,143

6. Earnings per share

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

Year ended 31 December	(Unaudited) 2018 £'000	(Audited) 2017 £'000
Earnings		
Profit for the year attributable to equity holders of the parent		
Pre exceptional items	**23,052**	20,134
Post exceptional items	**22,650**	20,134
Number of shares	**'000**	'000
Weighted average number of ordinary shares for the purposes of basic earnings per share	**213,146**	211,563
Effect of dilutive potential ordinary shares: share options, deferred share bonus, LTIPs	**2,911**	2,760
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**216,057**	214,323

	(Unaudited) 2018 £'000	(Audited) 2017 £'000
Profit for the year attributable to equity holders of the parent	**22,650**	20,134
Earnings for the purposes of basic and diluted earnings per share being net profit attributable to equity holders of the parent		
Amortisation of acquired intangible assets	**81**	134
Adjusted profit for the year attributable to equity holders of the parent	**22,731**	20,268

	(Unaudited) 2018 pence	(Audited) 2017 pence
Basic - pre exceptional	**10.82p**	9.52p
Basic - post exceptional	**10.63p**	9.52p
Diluted - pre exceptional	**10.67p**	9.39p
Diluted - post exceptional	**10.48p**	9.39p
Adjusted basic (pre exceptional items)	**10.85p**	9.58p
Adjusted diluted (pre exceptional items)	**10.71p**	9.46p
Adjusted basic (post exceptional items)	**10.66p**	9.58p
Adjusted diluted (post exceptional items)	**10.52p**	9.46p

7. Events after reporting period

On 31 January 2019, the Company announced the acquisition of Sealantis Limited, a developer of alginate-based tissue adhesive technology platform, for $US 25 million (approximately £19 million). The acquisition was funded from existing cash reserves and the Company will pay royalties on future sales of existing products in development until the end of 2027. Given the proximity of the transaction to the announcement of the Group's financial statements, a full purchase price allocation exercise has not yet been completed and the valuation of the assets acquired is subject to amendment on finalisation of the fair value exercise. Acquired net assets have a provisional value of £0.3 million prior to fair value adjustments according to the management accounts of Sealantis Limited as at 31 January 2019. The remainder of the acquisition price will be allocated between intangible assets, including goodwill and other intangible assets, with a significant proportion representing products under development and related intellectual property. None of the goodwill is expected to be deductible for tax purposes.