

Advanced Medical Solutions Group plc
 (“AMS” or the “Group”)

Interim Results for the six months ended 30 June 2019

Winsford, UK, 11 September 2019: Advanced Medical Solutions Group plc (AIM: AMS), the surgical and advanced woundcare specialist company, today announces its unaudited interim results for the six months ended 30 June 2019.

Financial Highlights:

<u>£ million</u>	H1 2019	H1 2018	Reported change	Growth at constant currency¹
Group revenue	48.7	47.6	+2%	+1%
Adjusted				
Adjusted ² profit before tax	12.8	13.6	-6%	
Adjusted ² diluted earnings per share (pence)	4.80	4.97	-3%	
Adjusted ³ net cash inflow from operating activities	11.2	12.7	-12%	
Reported				
Profit before tax	11.2	13.6	-17%	
Diluted earnings per share (pence)	4.06	4.95	-18%	
Net cash inflow from operating activities	10.3	12.7	-19%	
Net cash ⁴	63.9	71.1	-10%	
Interim dividend per share (pence)	0.50	0.42	+19%	

Business Highlights (including post period end):

- Group revenues up 2% to £48.7 million (1% at constant currency):
 - Product ranges and geographies excluding US LiquiBand® delivered 10% revenue growth at reported and constant currency
 - 27% reduction in US LiquiBand® sales, as previously referenced in our trading update, due to destocking, competitor activity and delayed product launches
- Acquisition of Sealantis in January for US\$25 million:
 - Integration and commercialisation plans progressing well
 - In line with expectations, planned investment in R&D impacted Group profit and positions the Group for future growth
- Realigned business unit structure in place since January 2019:
 - Surgical: revenues down 3% to £26.5 million (2018 H1: £27.3 million) and by 4% at constant currency
 - LiquiBand® delivered strong growth in all territories, with the exception of the US:
 - US revenues down by 27% to £7.7 million (2018 H1: £10.5 million), and by 31% at constant currency
 - UK and Germany revenues up 25% at reported and constant currency to £3.4 million (2018 H1: £2.7 million)
 - Rest of World revenues up 46% to £2.1 million (2018 H1: £1.4 million) and by 45% at constant currency
 - LiquiBand® Fix8™ revenues up 20% at reported and constant currency to £1.2 million (2018 H1: £1.0 million)

- RESORBA® sutures up 6% to £7.2 million (2018 H1: £6.8 million) and by 7% at constant currency
 - RESORBA® biosurgicals up 5% to £4.5 million (2018 H1: £4.3 million) and by 6% at constant currency
- Woundcare: revenues up 9% to £22.2 million (2018 H1: £20.3 million) and by 8% at constant currency
 - Infection Management up 14% to £9.4 million (2018 H1: £8.3 million) and by 12% at constant currency
- Eddie Johnson appointed as CFO and Board member on 1 January 2019, following the planned retirement of Mary Tavener
- The Board intends to pay an interim dividend of 0.50p per share (2018 H1: 0.42p), an increase of 19%, on 25 October 2019 to shareholders on the register at the close of business on 27 September 2019.

Commenting on the interim results, Chris Meredith, CEO of AMS, said: “The Group continues to perform well and I am pleased to report another period of growth. Despite disappointing trading in the US for LiquiBand, which we expect to recover next year, we are excited by the upcoming product approvals and pleased with the progress made across multiple products and markets. The Board continues to be optimistic about our long-term prospects and the potential for further organic and acquisitive growth.”

- End -

Notes

- 1 *Constant currency adjusts for the effect of currency movements by re-translating the current period's performance at the previous period's exchange rates*
- 2 *All items are shown before exceptional items which, in 2019 H1 were £0.9 million (2018 H1: nil) and before amortisation of acquired intangible assets which, in 2019 H1, were £0.7 million (2018 H1: £0.04 million) as defined in the financial review*
- 3 *Adjusted net cash inflow from operating activities is calculated as net cash inflow from operating activities plus exceptional items of £0.9 million (2018 H1: £nil)*
- 4 *Net cash is defined as cash and cash equivalents plus short term investments less financial liabilities and bank loans*

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About Advanced Medical Solutions Group plc

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 payers. AMS has a wide range of surgical products including tissue adhesives, sutures, haemostats, and internal fixation devices, which it markets under its brands LiquiBand®, RESORBA®, and LiquiBandFix8®. AMS also supplies wound care dressings such as silver alginates, alginates and foams through its ActivHeal® brand as well as under white label. In 2019, the Group acquired Sealantis, an Israeli-based medical device company with a patent-protected internal sealant technology platform.

AMS's products, manufactured in the UK, the Netherlands, Germany, and the Czech Republic, are sold globally 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. The Group has R&D innovation hubs in the UK and Germany, as well as the recently acquired R&D facility in Israel. Established in 1991, the Group has approximately 650 employees. For more information please see www.admedsol.com.

Chief Executive's Review

Group performance

I am pleased to report another period of growth for the group despite the downturn in US LiquiBand® sales. Revenue increased by 2% to £48.7 million and by 1% at constant currency with continued good results from the majority of our geographies and product ranges. Excluding US LiquiBand®, Group sales increased by 10% on both a reported and constant currency basis.

As previously announced, Surgical revenues were impacted by a shortfall in US LiquiBand® sales and decreased by 3% (4% at constant currency) to £26.5 million (2018 H1: £27.3 million). In contrast, Woundcare revenues increased by 9% (8% at constant currency) to £22.2 million (2018 H1: £20.3 million) as a result of increased partner demand for antimicrobial dressings in Infection Management.

Realigned Business Units for 2019

At the start of 2019, we made some adjustments to our Business Unit structure to better manage our different surgical and advanced woundcare opportunities and to optimise the Group's routes to market. We are pleased this is having the desired effect on woundcare and we believe that with our two individual business units we are now optimally positioned to drive growth for the future.

Growth

Despite the challenging conditions experienced across our sector, I am pleased that the Group continues to see significant growth opportunities in our surgical and woundcare ranges. Whilst a slow-down in our progress with US LiquiBand® affected our overall Surgical growth during the period, the performance of our range in all other key markets and regions continues to be very strong.

In January 2019, AMS announced the acquisition of Sealantis for US\$25 million. Sealantis' products, which reduce leakage of blood or fluid in high-risk surgery, provide AMS with access to the growing \$1 billion internal sealants market. Integration is progressing well and is largely complete. We expect to start clinical trials on target at around the end of 2019 to support first product launches for gastrointestinal surgery in 2021 with further innovations to follow in subsequent years.

The Group continues to explore options to acquire other businesses to accelerate growth and deliver value for our shareholders. Our selection criteria remain unchanged. The Group has disclosed an exceptional item in the period which reflects costs incurred in such business development activities.

Regulatory

In the first half of 2019, AMS successfully completed its five-year recertification process for the LiquiBand® range following on from the recent recertification of the RESORBA® portfolio. This demonstrates our capability to navigate the increasingly challenging regulatory framework as we implement our robust group wide regulatory plan. Consequently, AMS is well prepared for the stricter requirements on product safety and performance, clinical evaluation and post-market clinical evidence stipulated by the new European Medical Devices Regulation (MDR) which is currently in its transition phase.

In terms of growth and innovation, we are beginning to see the impact of the MDR on the sector and our extensive preparation is starting to provide opportunities and we remain confident in AMS's ability to exploit them.

Brexit

Having completed a comprehensive review of Brexit related risks, we continue to be well prepared for the possibility of a 'No Deal' Brexit. We have reassigned our UK product certificates to BSI Netherlands and appointed Advanced Medical Solutions BV as EU Authorised Representative for our UK manufactured products. We have increased stock holdings on all sites and continue to have extensive planning conversations with our customers.

Business Unit performance

Surgical Business Unit

The Surgical Business Unit reports tissue adhesives, sutures, biosurgical devices and internal fixation devices marketed under the AMS brands LiquiBand®, RESORBA® and LiquiBand® Fix8™. In the first half of 2019, Surgical revenue decreased by 3% to £26.5 million (2018 H1: £27.3 million) (4% at constant currency), with a slowdown in the US masking significant progress made elsewhere.

Surgical Business Unit	2019 H1	2018 H1	Reported Growth	Growth at constant currency
Advanced closure	13,093	14,575	(10%)	(13%)
Internal Fixation and Sealants	1,179	981	20%	20%
Traditional Closure	7,181	6,761	6%	7%
Biosurgical Devices	4,508	4,295	5%	6%
Topical Sealants	530	693	(24%)	(21%)
TOTAL	26,491	27,305	(3%)	(4%)

Advanced Closure

Advanced Closure comprises predominately 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	2019 H1	2018 H1	Reported Growth	Growth at constant currency
Americas	7,690	10,493	(27%)	(31%)
UK/Germany	3,353	2,676	25%	25%
Rest of World	2,050	1,406	46%	45%
TOTAL	13,093	14,575	(10%)	(13%)

Revenues grew strongly in all territories with the exception of the US where we were impacted by a combination of factors:

- Destocking
- Competitor gains at two large Group Purchasing Organisations
- Lack of combined glue and tape device for large wound closure in the AMS portfolio

Consequently, first half revenues decreased by 10% to £13.1 million (2018 H1: £14.6 million) or by 13% at constant currency.

US LiquiBand® is expected to return to growth in 2020 due to an expanded product portfolio and the stabilisation of customer inventories. We expect to obtain US approval before the end of the year for the newly developed accelerated drying device and to launch with a major partner. In addition, the LiquiBand® XL device for closing larger wounds will significantly augment our portfolio and open new markets and customer opportunities. The LiquiBand® XL regulatory process is progressing slower than anticipated with US approval now expected in Q3 2020.

Internal Fixation and Sealants

This category comprises our LiquiBand® Fix 8™ devices, 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 20% to £1.2 million (2018 H1: £1.0 million) driven by demand for the LiquiBand® Fix 8™ laparoscopic device in particular. Open hernia surgery is also a substantial portion of the global hernia market and represents a significant opportunity for AMS. The open surgery device soft launched in late 2018 in order to gather clinical feedback and, to date, this has been very positive from surgical users with no recommended design changes and we are therefore moving forward with full promotion and sales activities in the second half of the year.

The US Premarket Approval process for LiquiBand® Fix8™ is underway with IDE patient enrolment commencing in August 2019. We continue to be excited about the long-term prospects for the LiquiBand® Fix8™ portfolio and entry into the US will be a significant milestone for the Group.

The global internal surgery market represents a significant opportunity for AMS and the acquisition of Sealantis, announced in January 2019, provides AMS with a technology platform and delivery systems to access the \$1 billion internal sealant market. Premarket activities in R&D, marketing and regulatory are ongoing and following this initial work, we are implementing product design enhancements ahead of the trials starting at around the end of 2019.

Traditional Closure

The traditional closure category includes our RESORBA® branded Absorbable and Non-absorbable Suture ranges which include certain surgical specialties such as dental and ophthalmic and are sold in Germany and numerous other territories. Revenue increased by 6% to £7.2 million (2018 H1: £6.8 million) (7% at constant currency).

AMS will continue to explore targeted opportunities in this area and will aim to drive growth and market share by bundling sutures with other products. AMS is also investing in operational improvements and capacity to allow for improved flexibility and efficiencies.

Biosurgical Devices

The Biosurgical devices category principally comprises collagen-based materials including our RESORBA® Gentacol® Gentamycin collagen products used in Orthopaedic and Cardiac applications, and collagen membranes and cones used in Dental applications. Revenue increased by 5% to £4.5 million (2018 H1: £4.3 million) and by 6% at constant currency due to progress with multiple distributors.

Prescription usage of our antibiotic collagen pouch for cardiovascular devices in Germany began at the end of 2018 and we are also working towards approval for this product in the US. Antibiotic loaded collagens provide local, rather than systemic, drug delivery giving significant patient 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.

Submission for CE approval for a Vancomycin-containing collagen was completed in the first half of 2019 with expected notified body and pharmaceutical body responses anticipated in the first half of 2020.

Woundcare Business Unit

The Woundcare Business Unit is comprised of our multi-product portfolio of advanced woundcare dressings and bulk materials sold under partner brands plus the AMS branded ActivHeal® range sold predominately to the NHS.

In the first half of 2019, revenue increased by 9% to £22.2 million (2018 H1: £20.3 million) (8% at constant currency) largely driven by increased partner demand for antimicrobial dressings (Infection Management).

Woundcare Business Unit	2019 H1	2018 H1	Reported Growth	Growth at constant currency
Infection Management	9,407	8,273	14%	12%
Exudate Management	10,082	9,466	7%	5%
Other Woundcare	2,734	2,577	6%	6%
TOTAL	22,223	20,316	9%	8%

Infection Management

The infection management category comprises advanced woundcare dressings that incorporate antimicrobials such as Silver and Polyhexamethylene Biguanide (PHMB). Revenue increased by 14% to £9.4 million (2018 H1: £8.3 million) and by 12% at constant currency, with growth being driven by

demand from a number of new EU and ROW partners along with additional orders from some existing customers which did include an element of Brexit planning.

The new atraumatic Silicone PHMB variant which received US approval, post-period end, in July 2019 gives AMS and its commercial partners much greater access to the attractive US silicone antimicrobial foam market, which is worth in excess of \$100m and growing at 6% year-on-year. We expect to start shipping orders for Silicone PHMB dressings around the end of 2019. The first US partner for our existing PHMB range, which was approved in late 2018, is working through its launch inventories and is expected to reorder in the second half of 2019.

Post-period end, in July 2019, we also obtained US approval for our Silver High Performance Dressing; the Group's next generation antimicrobial gelling fibre technology with excellent performance and patent protected construction and expect to receive launch orders in the second half of 2019.

In August 2019, we gained US and EU approval for our Moisture Wicking Fabric with silver, indicated for use in the management of skin folds and skin-on-skin friction. This gives AMS and its partners access to a \$25 million US market as well as the nascent EU market with orders expected in the second half of 2019.

We expect a second major US partner launch for our silver post-operative dressings in the first half of 2020 whilst the initial partner is expected to reorder in the second half of 2019.

Looking forward, the Group is working on developing next generation high-gelling products with differentiated antibiofilm claims.

Exudate Management

Exudate management comprises advanced woundcare dressings and gels which do not incorporate any antimicrobial elements. Following our business unit alignment in January 2019, this category includes the majority of our ActivHeal® range. Revenue increased by 7% to £10.1 million (2018 H1: £9.5 million) (5% at constant currency).

AMS launched the new Lite foam range for wounds with low to medium exudate at the end of 2018. It now incorporates a range of shapes and sizes for the acute post-surgery market and it is being distributed by a number of our partners in the US, EU and ROW.

At around the end of 2019, we expect to be able to extend the claims on our silicone foam range to include pressure ulcer prevention and to add further customers in new territories.

We are confident that the above actions, coupled with our ability to meet the demands of MDR, will continue to counteract the ongoing challenging market conditions in the advanced woundcare market.

Other Woundcare

Other woundcare comprises royalties, fees and woundcare sealants. Revenue increased by 6% at reported and constant currency to £2.7 million (2018 H1: £2.6 million).

Summary and outlook

AMS has delivered another period of growth, notwithstanding the previously reported unexpected slow down with US LiquiBand®. With continued strong performance elsewhere in the Group and our new product launches in the second half, trading is in line with the Board's expectations for the full year. US LiquiBand® is expected to return to growth in 2020, especially given the planned launches of our new accelerated drying device which will widen our product range and Liquiband® XL device which will open new markets and customer opportunities.

The Group continues to execute on its strategy of delivering consistent growth through exploiting multiple routes to market, ensuring our products add value to patients and payors, and diversifying through our product mix and innovation.

Financial Review

IFRS reporting

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, adjusted profit before tax and adjusted net cash inflow from operating activities, allowing the impacts of exchange rate volatility, exceptional items and amortisation to be separately identified. Net cash is an additional non-GAAP measure used.

Overview

Revenue increased by 2% to £48.7 million (2018 H1: £47.6 million). At constant currency, revenue growth would have been 1%.

Exceptional items of £0.9 million in the six month period (2018 H1: £nil) relate to the integration costs of the Sealantis acquisition as well as other business development activities.

Amortisation of acquired intangible assets was £0.7 million in the six-month period (2018 H1: £0.04 million). On the acquisition of Sealantis, we recognised a technology-based intangible asset of £15.0 million, which will be amortised over the next nine years ending 31 December 2027.

Adjusted operating profit which excludes amortisation of acquired intangibles and exceptional costs, decreased by 5.2% to £13.0 million (2018 H1: £13.7 million) whilst the adjusted operating margin decreased by 210 bps to 26.7% (2018 H1: 28.8%) due to the change in sales mix and the impact of the first period of investment in Sealantis operating costs which were £0.5 million in the first half (2018 H1: £nil).

Excluding exceptional items, administration expenses increased by 5% to £16.6 million (2018: £15.8 million) inclusive of losses arising from foreign exchange movements. The Group incurred £2.9 million of gross R&D, regulatory and clinical spend in the period (2018 H1: £2.4 million), representing 5.9% of sales (2018 H1: 5.0%) reflecting ongoing investment in innovation and in accommodating the heightened regulatory environment.

The Group generated adjusted profit before tax of £12.8 million (2018 H1: £13.6 million) and profit before tax of £11.2 million (2018 H1: £13.6 million).

The Group adopted IFRS 16 (Leases) in 2019 and the comparative periods have been restated, which reduced profit before tax by £0.1 million in the period (2018 H1: £0.1 million). There is no overall impact on the Group's cash and cash equivalents as a result of IFRS 16.

Reconciliation of profit before tax to adjusted profit before tax

	Unaudited Six months ended 30-Jun-19 £'000	Unaudited Six months ended 30-Jun-18 £'000
Profit before tax	11,219	13,552
Amortisation of acquired intangibles	682	40
Exceptional items	920	-
Adjusted profit before tax	12,821	13,592

The Group's effective tax rate, reflecting the blended tax rates in the countries where we operate and including UK patent box relief, increased to 21.8% (2018 H1: 21.1%) mainly due to some of the exceptional items in the period not being deductible for tax purposes and to Sealantis operating losses not being offset against profits elsewhere in the group.

Adjusted diluted earnings per share decreased by 3.5% to 4.80p (2018 H1: 4.97p) and diluted earnings per share decreased by 18.1% to 4.06p (2018 H1: 4.95p).

The Board intends to pay an interim dividend of 0.50p per share on 25 October 2019 to shareholders on the register at the close of business on 27 September 2019. This is an increase of 19% compared to the first half of 2018 and reflects the Board's confidence in the future growth of the Group.

Operating result by business segment

Six months ended 30 June 2019	(Unaudited) Surgical	(Unaudited) Woundcare
	£'000	£'000
Revenue	26,491	22,223
Profit from operations	8,251	4,309
Amortisation of acquired intangibles	678	4
Adjusted profit from operations ⁵	8,929	4,313
Adjusted operating margin ⁵	33.7%	19.4%
Six months ended 30 June 2018		
Revenue	27,305	20,316
Profit from operations	9,914	4,029
Amortisation of acquired intangibles	38	2
Adjusted profit from operations ⁵	9,952	4,031
Adjusted operating margin ⁵	36.4%	19.8%

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

Table is reconciled to statutory information in note 7 of the financial information.

Surgical

Surgical revenues decreased by 3% to £26.5 million (2018 H1: £27.3million) and by 4% at constant currency due to a reduction in sales of LiquiBand® into the US. Adjusted operating margin decreased 270 bps to 33.7% (2018 H1: 36.4%) mainly due to the change in sales mix, exchange rate movements and increased investment in R&D, clinical and regulatory affairs.

Woundcare

Woundcare revenues increased by 9% to £22.2 million (2018 H1: £20.3 million) at reported currency and by 8% at constant currency. Adjusted operating margin decreased by 40 bps to 19.4% (2018 H1: 19.8%).

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 3.3% and 2.8% respectively and in the absence of any hedging this would have an impact on profit of 2.7% and 1.1%.

Cash Flow

Adjusted net cash inflow from operating activities reduced by 12% to £11.2 million (2018 H1: £12.7 million) predominately due to increased payments of corporation tax. Net cash inflow from operating activities was further impacted by exceptional items and therefore reduced by 19% to £10.3 million (2018 H1: £12.7 million).

Reconciliation of Net cash inflow from operating activities to Adjusted net cash inflow from operating activities

	Unaudited	Unaudited	
	Six months ended	Six months ended	Change
	30-Jun-19	30-Jun-18	
	£'000	£'000	
Net cash inflow from operating activities	10,261	12,709	-19.3%
Exceptional items	920	-	
Adjusted net cash inflow from operating activities	11,181	12,709	-12.0%

At the end of the period, the Group had net cash of £63.9 million (31 December 2018: £76.4 million) with outflows in the first half of 2019 relating to Sealantis including the acquisition (£18.4 million), integration costs (£1.2 million) and operating costs (£0.5 million).

In the first half of 2019, receivables reduced by £2.2 million (2018 H1: £1.7 million) with debtor days at 41 (2018 H1: 43 days) and payables reduced by £2.8 million (2018 H1: £1.8 million) with creditor days at 26 (2018 H1: 29 days). Inventory increased by £1.4 million in the period (2018 H1: £2.2 million) or 5.0 months of supply (2018 H1: 4.6 months of supply) as we continue to hold higher stocks to mitigate possible Brexit supply risks and further increased RESORBA® inventory in preparation for anticipated incremental demand in the second half of 2019.

In the period, we invested £2.6 million in capital equipment, R&D and regulatory costs including investment in converting and packaging machines (2018 H1: £2.3 million).

Tax payments increased to £2.9 million (2018 H1: £1.7 million) which is £0.5 million higher than tax in the income statement due to the timing of tax payments on account.

In June 2019, the Group paid its final dividend for the year ended 31 December 2018 of £1.9 million (2018 H1: £1.6 million).

In December 2018, the Group secured a new £80 million, multi-currency credit facility provided jointly by HSBC and The Royal Bank of Scotland, which is in place until December 2023. It is unsecured and undrawn. 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.

Financial Outlook

Despite the good overall performance, the downturn in US LiquiBand®, investment in Sealantis and adverse foreign exchange contracts have affected profitability and cash flow in the period. However, trading for the full year is in line with the Board's expectations and as these items unwind, the outlook for the future remains strong.

CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	(Unaudited)			(Unaudited) Restated ⁶			(Unaudited) Restated ⁶		
		Six months ended 30 June 2019			Six months ended 30 June 2018			Year ended 31 December 2018		
		Before	Exceptional	Total	Before	Exceptional	Total	Before	Exceptional	Total
		Exceptional	Items		Exceptional	Items		Exceptional	Items	
		Items	Note 9		Items	Note 9		Items	Note 9	
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Revenue from continuing operations	7	48,714	-	48,714	47,621	-	47,621	102,598	-	102,598
Cost of sales		(19,500)	-	(19,500)	(17,626)	-	(17,626)	(39,192)	-	(39,192)
Gross profit		29,214	-	29,214	29,995	-	29,995	63,406	-	63,406
Distribution costs		(459)	-	(459)	(614)	-	(614)	(1,316)	-	(1,316)
Administration costs		(16,607)	(920)	(17,527)	(15,778)	-	(15,778)	(33,318)	(402)	(33,720)
Other income		157	-	157	59	-	59	104	-	104
Profit from operations		12,305	(920)	11,385	13,662	-	13,662	28,876	(402)	28,474
Finance income		200	-	200	157	-	157	378	-	378
Finance costs		(366)	-	(366)	(267)	-	(267)	(581)	-	(581)
Profit before taxation		12,139	(920)	11,219	13,552	-	13,552	28,673	(402)	28,271
Income tax	10	(2,446)	-	(2,446)	(2,866)	-	(2,866)	(5,784)	-	(5,784)
Profit for the period attributable to equity holders of the parent		9,693	(920)	8,773	10,686	-	10,686	22,889	(402)	22,487
Earnings per share										
Basic	6	4.53p	(0.43p)	4.10p	5.02p	-	5.02p	10.74p	(0.19p)	10.55p
Diluted	6	4.48p	(0.42p)	4.06p	4.95p	-	4.95p	10.59p	(0.18p)	10.41p
Adjusted ⁷ diluted	6	4.80p	(0.43p)	4.37p	4.97p	-	4.97p	10.63p	(0.19p)	10.44p

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	(Unaudited)		(Unaudited) Restated		(Unaudited) Restated	
	Six months ended 30 June 2019		Six months ended 30 June 2018		Year ended 31 December 2018	
	£'000		£'000		£'000	
Profit for the year	8,773		10,686		22,487	
Exchange differences on translation of foreign operations	930		(4)		466	
Gain/(loss) arising on cash flow hedges	284		(1,613)		(3,064)	
Other comprehensive income/(expense) for the period	1,214		(1,617)		(2,598)	
Total comprehensive income for the period attributable to equity holders of the parent	9,987		9,069		19,889	

⁶ See note 4 in the notes to the consolidated financial statements

⁷ Adjusted for exceptional items and for amortisation of acquired intangible assets

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		(Unaudited) 30 June 2019 £'000	(Unaudited) 30 June 2018 Restated ⁸ £'000	(Unaudited) 31 December 2018 Restated ⁸ £'000
	Note			
Assets				
Non-current assets				
Acquired intellectual property rights		9,654	9,622	9,673
Intangible assets		14,875	-	-
Software intangibles		2,983	2,876	2,548
Development costs		3,696	2,506	3,204
Goodwill		52,333	41,746	42,145
Property, plant and equipment		27,563	27,694	27,850
Loans and other financial assets		30	-	-
Deferred tax assets		179	244	208
Trade and other receivables		321	19	415
		111,634	84,707	86,043
Current assets				
Inventories		16,298	13,232	14,800
Trade and other receivables		23,288	18,830	27,172
Current tax assets		22	-	813
Cash and cash equivalents		63,888	71,129	76,391
		103,496	103,191	119,176
Total assets		215,130	187,898	205,219
Liabilities				
Current liabilities				
Trade and other payables		11,086	8,856	14,642
Current tax liabilities		2,267	3,310	3,863
Lease liabilities		983	931	976
		14,336	13,097	19,481
Non-current liabilities				
Trade and other payables		3,540	1,262	655
Deferred tax liabilities		5,934	3,126	3,303
Lease liabilities		8,567	9,317	9,055
		18,041	13,705	13,013
Total liabilities		32,377	26,802	32,494
Net assets		182,753	161,096	172,725
Equity				
Share capital	13	10,738	10,672	10,674
Share premium		36,072	35,148	35,192
Share-based payments reserve		8,343	5,562	7,333
Investment in own shares		(159)	(156)	(156)
Share-based payments deferred tax reserve		729	815	708
Other reserve		1,531	1,531	1,531
Hedging reserve		(2,122)	(955)	(2,406)
Translation reserve		4,219	2,819	3,289
Retained earnings		123,402	105,660	116,560
Equity attributable to equity holders of the parent		182,753	161,096	172,725

⁸ See note 4 in the notes to the consolidated financial statements

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Attributable to equity holders of the Group

	Share capital £'000	Share premium £'000	Share- based payments £'000	Investment in own shares £'000	Share-based payments deferred tax £'000	Other reserve £'000	Hedging reserve £'000	Translation reserve £'000	Retained earnings £'000	Total £'000
At 1 January 2019 (Unaudited)	10,674	35,192	7,333	(156)	708	1,531	(2,406)	3,289	116,560	172,725
Consolidated profit for the period to 30 June 2019	-	-	-	-	-	-	-	-	8,773	8,773
Other comprehensive income	-	-	-	-	-	-	284	930	-	1,214
Total comprehensive income	-	-	-	-	-	-	284	930	8,773	9,987
Share-based payments	-	-	1,065	-	-	-	-	-	-	1,065
Share options exercised	64	880	(55)	-	21	-	-	-	-	910
Shares purchased by EBT	-	-	-	(603)	-	-	-	-	-	(603)
Shares sold by EBT	-	-	-	600	-	-	-	-	-	600
Dividends paid	-	-	-	-	-	-	-	-	(1,931)	(1,931)
At 30 June 2019 (unaudited)	10,738	36,072	8,343	(159)	729	1,531	(2,122)	4,219	123,402	182,753
	Share capital £'000	Share premium £'000	Share- based payments £'000	Investment in own shares £'000	Share-based payments deferred tax £'000	Other reserve £'000	Hedging reserve £'000	Translation reserve £'000	Retained earnings £'000	Total £'000
Balance at 1 January 2018 - Restated ⁹	10,632	34,778	4,676	(152)	815	1,531	658	2,823	96,565	152,326
Consolidated profit for the period to 30 June 2018	-	-	-	-	-	-	-	-	10,686	10,686
Other comprehensive income	-	-	-	-	-	-	(1,613)	(4)	-	(1,617)
Total comprehensive income	-	-	-	-	-	-	(1,613)	(4)	10,686	9,069
Share-based payments	-	-	907	-	-	-	-	-	-	907
Share options exercised	40	370	(21)	-	-	-	-	-	-	389
Shares purchased by EBT	-	-	-	(600)	-	-	-	-	-	(600)
Shares sold by EBT	-	-	-	596	-	-	-	-	-	596
Dividends paid	-	-	-	-	-	-	-	-	(1,591)	(1,591)
At 30 June 2018 (Unaudited)	10,672	35,148	5,562	(156)	815	1,531	(955)	2,819	105,660	161,096

	Share capital £'000	Share premium £'000	Share- based payments £'000	Investment in own shares £'000	Share-based payments deferred tax £'000	Other reserve £'000	Hedging reserve £'000	Translation reserve £'000	Retained earnings £'000	Total £'000
Balance at 1 January 2018 - Restated ¹	10,632	34,778	4,676	(152)	815	1,531	658	2,823	96,565	152,326
Consolidated profit for the year to 31 December 2018	-	-	-	-	-	-	-	-	22,487	22,487
Other comprehensive income	-	-	-	-	-	-	(3,064)	466	-	(2,598)
Total comprehensive income	-	-	-	-	-	-	(3,064)	466	22,487	19,889
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	116,560	172,725

⁹ See note 4 in the notes to the consolidated financial statements

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	(Unaudited) Six months ended 30-Jun-19 £'000	(Unaudited) Restated ¹⁰ Six months ended 30-Jun-18 £'000	(Unaudited) Restated ¹⁰ Year ended 31-Dec-18 £'000
Cash flows from operating activities			
Profit from operations	11,385	13,662	28,474
<i>Adjustments for:</i>			
Depreciation	1,603	1,590	3,180
Amortisation - intellectual property rights	682	40	81
- development costs	244	128	325
- software intangibles	218	244	593
Increase in inventories	(1,361)	(2,174)	(3,707)
Decrease/(increase) in trade and other receivables	2,162	1,714	(6,813)
(Decrease)/increase in trade and other payables	(2,798)	(1,752)	1,692
Share-based payments expense	1,065	907	1,659
Taxation	(2,939)	(1,650)	(3,810)
Net cash inflow from operating activities	10,261	12,709	21,674
Cash flows from investing activities			
Purchase of software	(662)	(58)	(304)
Capitalised research and development	(730)	(498)	(1,392)
Purchases of property, plant and equipment	(1,231)	(1,752)	(3,062)
Disposal of property, plant and equipment	-	6	78
Interest received	199	157	377
Acquisition of subsidiary	(18,408)	-	-
Net cash used in investing activities	(20,832)	(2,145)	(4,303)
Cash flows from financing activities			
Dividends paid	(1,931)	(1,591)	(2,492)
Repayments of principal under lease liabilities	(486)	(428)	(858)
Issue of equity shares	907	385	430
Shares purchased by EBT	(603)	(600)	(600)
Shares sold by EBT	600	596	596
Interest paid	(366)	(267)	(581)
Net cash used in financing activities	(1,879)	(1,905)	(3,505)
Net (decrease)/increase in cash and cash equivalents	(12,450)	8,659	13,866
Cash and cash equivalents at the beginning of the period	76,391	62,454	62,454
Effect of foreign exchange rate changes	(53)	16	71
Cash and cash equivalents at the end of the period	63,888	71,129	76,391

¹⁰ See note 4 in the notes to the consolidated financial statements

Notes Forming Part of the 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 six months ended 30 June 2019 comprise the Company and its subsidiaries (together referred to as the "Group").

The Group is primarily involved in the design, development and manufacture of surgical and advanced woundcare products for sale into the global medical device market.

2. Basis of preparation

The information for the period ended 30 June 2019 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. A copy of the statutory accounts for the year ended 31 December 2018 has been delivered to the Registrar of Companies. The auditor reported on those accounts; their report was unqualified, did not draw attention to any matters of emphasis without qualifying the report and did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

The individual financial statements for each Group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each Group company are expressed in pounds sterling, which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

3. Accounting policies

The same accounting policies, presentations and methods of computation are followed in the condensed set of financial statements as applied in the Group's latest annual audited financial statements with the exception of IFRS 16 – Leases (see note 4). With the exception of IFRS 16 Leases, no other new or revised standards adopted in the current period have had a material impact on the Group's financial statements, including IFRS9 financial instruments.

The unaudited condensed set of financial statements included in this half-yearly financial report have been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting', as adopted by the European Union. These condensed interim accounts should be read in conjunction with the annual accounts of the Group for the year ended 31 December 2018. The annual financial statements of Advanced Medical Solutions Group plc are prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

4. Changes in accounting policies – IFRS 16

From 1 January 2019, the Group has adopted IFRS 16 (Leases).

The Group is not party to any material leases where it acts as a lessor, but the Group does have a number of material property leases relating to operating sites as well as equipment and vehicle leases.

Details of the Group's accounting policies under IFRS 16 are set out below, followed by a description of the impact of adopting IFRS 16. Significant judgements applied in the adoption of IFRS 16 included determining the lease term for those leases with termination or extension options and determining an incremental borrowing rate where the rate implicit in a lease could not be readily determined.

Approach to transition

The Group has applied IFRS 16 using the full retrospective approach, with restatement of the comparative information. In respect of those leases the Group previously treated as operating leases, the Group has elected to measure its right of use assets arising from property leases using the approach set out in IFRS 16.C8(b)(i). Under IFRS 16.C8(b)(i) right of use assets are calculated as if the Standard applied at lease commencement but discounted using the borrowing rate at the date of initial application.

Financial impact

The application of IFRS 16 to leases previously classified as operating leases under IAS 17 resulted in the recognition of right-of-use assets and lease liabilities. Provisions for onerous lease contracts have been derecognised and operating lease incentives previously recognised as liabilities have been derecognised and factored into the measurement of the right-to-use assets and lease liabilities.

The Group has chosen to use the table below to set out the adjustments recognised at the date of initial application of IFRS16.

	As previously reported At 31 December 2018 £'000	Impact of IFRS16 £'000	As restated At 1 January 2019 £'000
Assets			
Non-current assets			
Property, plant and equipment	18,124	9,726	27,850
Deferred tax asset	177	31	208
Total impact on assets	18,301	9,757	28,058
Liabilities			
Current liabilities			
Lease liabilities	-	976	976
Non-current liabilities			
Lease liabilities	-	9,055	9,055
Total impact on liabilities	-	10,031	10,031
Retained earnings	116,833	(273)	116,560

Additional Property, plant and equipment recognised at 31 December 2018 as part of the transition includes £9.0 million of Leasehold property, £0.5 million of Plant and machinery and £0.2 million of Motor vehicles.

In terms of the income statement impact, the application of IFRS 16 resulted in a decrease in other operating expenses and an increase in depreciation and interest expense compared to IAS 17. During the six months ended 30 June 2019, in relation to leases under IFRS 16 the Group recognised the following amounts in the consolidated income statement:

	Six months ended 30 June 2019 £'000	Six months ended 30 June 2018 £'000
Depreciation	(562)	(510)
Operating leases	702	636
Finance cost	(196)	(208)
Net impact on Group profit	(56)	(82)

The table below presents a reconciliation from operating lease commitments disclosed at 31 December 2018 under IAS 17 to lease liabilities recognised at 1 January 2019 under IFRS 16.

	£'000 30 June 2018 £'000
Operating lease commitments disclosed under IAS 17 at 31 December 2018	15,181
Short-term and low value lease commitments straight-line expensed under IFRS 16	(300)
Effect of discounting	(2,775)
Effect of different rent calculations between IAS 17 and IFRS 16	(2,075)
Lease liabilities recognised at 1 January 2019	10,031

5. Acquisition of Sealantis

On 31 January 2019 the Group acquired the entire issued share capital of Sealantis Limited, an Israeli based developer of an alginate-based tissue adhesive technology platform.

	£'000
Identifiable net assets acquired	
Technology-based intangible asset	15,012
Property, plant and equipment	21
Other receivables	59
Cash and cash equivalents	999
Trade and other payables	(804)
Deferred tax on Intangible asset	(2,552)
Grant liability	(1,694)
Goodwill	9,765
Total net assets acquired	20,806

Satisfied by	£'000
Cash consideration	19,407
Contingent consideration	1,399
	20,806

Contingent consideration reflects the fair value of a royalty due to the sellers in each financial year up to 31st December 2027.

Net cash flow on acquisition	£'000
Cash consideration	19,407
Cash acquired	(999)
	18,408

None of the goodwill on the acquisition is expected to be deductible for income tax.

6. Earnings per share

	(Unaudited) Six months ended 30 June 2019	(Unaudited) Six months ended 30 June 2018	(Unaudited) Year ended 31 December 2018
Number of shares	'000	'000	'000
Weighted average number of ordinary shares for the purposes of basic earnings per share	213,876	212,836	213,146
Effect of dilutive potential ordinary shares: share options, deferred share bonus, LTIPs	2,452	3,057	2,911
Weighted average number of ordinary shares for the purposes of diluted earnings per share	216,328	215,893	216,057

Basic EPS is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of shares outstanding during the period.

Diluted EPS is calculated on the same basis as basic EPS but with the further adjustment to the weighted average shares in issue to reflect the effect of all potentially dilutive share options. The number of potentially dilutive share options is derived from the number of share options and awards granted to employees where the exercise price is less than the average market price of the Company's ordinary shares during the period.

Adjusted earnings per share

Adjusted EPS is calculated after adding back exceptional items and amortisation of acquired intangible assets and is based on earnings of:

	(Unaudited) Six months ended 30 June 19 £'000	(Unaudited) Restated Six months ended 30 June 18 £'000	(Unaudited) Restated Year ended 31 December 18 £'000
Earnings			
Profit for the year being attributable to equity holders of the parent	8,773	10,686	22,487
Exceptional items	920	-	402
Amortisation of acquired intangible assets	682	40	81
Adjusted profit for the year being attributable to equity holders of the parent	10,375	10,726	22,970
	pence	pence	Pence
Adjusted basic EPS	4.85p	5.04p	10.78p
Adjusted diluted EPS	4.80p	4.97p	10.63p

The denominators used are the same as those detailed above for both basic and diluted earnings per share.

The adjusted diluted EPS information is considered to provide a fairer representation of the Group's trading performance.

7. 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, exceptional items, income tax assets and the Group's external borrowings. These are the measures reported to the Group's Chief Executive for the purposes of resource allocation and assessment of segment performance. As announced in our annual financial statements for the year ended 31 December 2018, we have renamed our business units from Branded and OEM to Surgical and Woundcare respectively as we believe this better reflects that nature of the business. Comparative segment information has been restated to align with the new business unit structure.

Business segments

The principal activities of the business units are as follows:

Surgical

Selling, marketing and innovation of the Group's surgical products either sold directly by our sales teams or by distributors.

Woundcare

Selling, marketing and innovation of the Group's advanced woundcare products supplied under partner brands, bulk materials and the ActivHeal brand predominantly to the UK NHS.

Segment information about these Business Units is presented below:

Six months ended 30 June 2019 (Unaudited)	Surgical £'000	Woundcare £'000	Consolidated £'000
Revenue	26,491	22,223	48,714
Result			
Adjusted segment operating profit	8,929	4,313	13,242
Amortisation of acquired intangibles	(678)	(4)	(682)
Segment operating profit	8,251	4,309	12,560
Unallocated expenses			(255)
Exceptional items			(920)
Profit from operations			11,385
Finance income			200
Finance costs			(366)
Profit before tax			11,219
Tax			(2,446)
Profit for the period			8,773

At 30 June 2019 (Unaudited)			
Other information	Surgical £'000	Woundcare £'000	Consolidated £'000
Capital additions:			
Software intangibles	293	369	662
Development	455	275	730
Property, plant and equipment	734	497	1,231
Depreciation and amortisation	(1,817)	(930)	(2,747)
Balance sheet			
Assets			
Segment assets	151,021	63,656	214,677
Unallocated assets			453
Consolidated total assets			215,130
Liabilities			
Segment liabilities	19,267	13,110	32,377
Consolidated total liabilities			32,377

Six months ended 30 June 2018 (restated) ¹¹	Surgical £'000	Woundcare £'000	Consolidated £'000
Revenue	27,305	20,316	47,621

Result			
Adjusted segment operating profit	9,952	4,031	13,983
Amortisation of acquired intangibles	(38)	(2)	(40)
Segment operating profit	9,914	4,029	13,943
Unallocated expenses			(281)
Profit from operations			13,662
Finance income			157
Finance costs			(267)
Profit before tax			13,552
Tax			(2,866)
Profit for the period			10,686

¹¹ Restated on transition to IFRS 16 (see note 4) and to align to the new business structure.

At 30 June 2018 (Unaudited)			
Other information	Surgical £'000	Woundcare £'000	Consolidated £'000
Capital additions:			
Software intangibles	20	38	58
Development	279	219	498
Property, plant and equipment	1,319	433	1,752
Depreciation and amortisation	(929)	(1,073)	(2,002)
Balance sheet			
Assets			
Segment assets	127,059	60,778	187,837
Unallocated assets			61
Consolidated total assets			187,898
Liabilities			
Segment liabilities	16,399	10,403	26,802
Consolidated total liabilities			26,802

Year ended 31 December 2018 (restated) ¹¹ (Unaudited)	Surgical £'000	Woundcare £'000	Consolidated £'000
Revenue	57,492	45,106	102,598
Result			
Adjusted segment operating profit	18,619	10,898	29,517
Amortisation of acquired intangibles	(76)	(5)	(81)
Segment operating profit	18,543	10,893	29,436
Unallocated expenses			(560)
Exceptional items			(402)
Profit from operations			28,474
Finance income			378
Finance costs			(581)
Profit before tax			28,271
Tax			(5,784)
Profit for the year			22,487

¹¹ Restated on transition to IFRS 16 (see note 4) and to align to the new business structure.

At 31 December 2018 (Unaudited)	Surgical £'000	Woundcare £'000	Consolidated £'000
Other Information			
Capital additions:			
Software intangibles	170	134	304
Development	815	577	1,392
Property, plant and equipment	1,730	1,332	3,062
Depreciation and amortisation	(2,281)	(1,898)	(4,179)
Balance sheet			
Assets			
Segment Assets	137,208	67,492	204,700
Unallocated assets			519
Consolidated total assets			205,219
Liabilities			
Segment liabilities	19,349	13,145	32,494
Consolidated total liabilities			32,494

Geographical segments

The Group operates in the UK, Germany, the Netherlands, the Czech Republic, with a sales office located in Russia and a sales presence in the USA. As a result of the acquisition of Sealantis, the Group now has an office in Israel. 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 sales by geographical market, irrespective of the origin of the goods or services, based upon location of the Group's customers:

	(Unaudited) Six months ended 30 June 2019 £'000	(Unaudited) Six months ended 30 June 2018 £'000	(Unaudited) Year ended 31 December 2018 £'000
United Kingdom	8,971	9,190	18,447
Germany	10,437	9,653	23,987
Europe excluding United Kingdom and Germany	12,826	10,957	19,416
United States of America	14,473	16,060	37,317
Rest of World	2,007	1,761	3,431
	48,714	47,621	102,598

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

	(Unaudited) Six months ended 30 June 2019 £'000	(Unaudited) Six months ended 30 June 2018 £'000	(Unaudited) Year ended 31 December 2018 £'000
United Kingdom	138,405	116,641	129,340
Germany	69,024	64,630	66,505
Europe excluding United Kingdom and Germany	4,912	6,143	6,663
United States of America	2,439	484	2,711
Rest of World	350	-	-
	215,130	187,898	205,219

8. Financial Instruments' fair value disclosures

It is the policy of the Group to enter into forward foreign exchange contracts to cover specific foreign currency payments and receipts.

The Group held the following financial instruments at fair value at 30 June 2019. The Group has no financial instruments with fair values that are determined by reference to significant unobservable inputs i.e. those that would be classified as level 3 in the fair value hierarchy, nor have there been any transfers of assets or liabilities between levels of the fair value hierarchy. There are no non-recurring fair value measurements.

The following table details the forward foreign currency contracts outstanding as at the period end:

	Ave. exchange rate			Foreign currency			Fair value		
	30-Jun-19	30-Jun-18	31-Dec-18	30-Jun-19	30-Jun-18	31-Dec-18	30-Jun-19	30-Jun-18	31-Dec-18
	USD:£1	USD:£1	USD:£1	USD'000	USD'000	USD'000	£'000	£'000	£'000
Cash flow hedges									
Sell US dollars									
Less than 3 months	1.406	1.284	1.319	9,500	7,500	10,400	(690)	163	(230)
3 to 6 months	1.444	1.282	1.432	7,500	7,300	7,500	(665)	187	(589)
7 to 12 months	1.363	1.374	1.423	16,000	15,900	17,000	(705)	(343)	(1,175)
Over 12 months	1.338	1.443	1.407	5,000	20,000	7,000	(140)	(955)	(397)
				38,000	50,700	41,900	(2,200)	(948)	(2,391)

	Ave. exchange rate			Foreign currency			Fair value		
	30-Jun-19	30-Jun-18	31-Dec-18	30-Jun-19	30-Jun-18	31-Dec-18	30-Jun-19	30-Jun-18	31-Dec-18
	EUR:£1	EUR:£1	EUR:£1	EUR'000	EUR'000	EUR'000	£'000	£'000	£'000
Cash flow hedges									
Sell Euros									
Less than 3 months	1.112	1.146	1.114	960	650	600	2	(8)	-
3 to 6 months	1.108	1.134	1.116	960	1,150	960	2	(7)	(4)
7 to 12 months	1.137	1.115	1.110	1,820	1,560	1,920	46	5	(9)
Over 12 months	1.139	1.109	1.110	900	2,240	320	28	3	(2)
				4,640	5,600	3,800	78	(7)	(15)

9. Exceptional items

During the six months ended 30 June 2019, the Group incurred exceptional items of £0.9 million (2018 H1: £nil) in relation to the acquisition and integration of Sealantis as well as the transaction costs to participate in another potential process which was ultimately unsuccessful.

10. Taxation

The weighted average tax rate for the Group for the six month period ended 30 June 2019 was 21.8% (first half of 2018: 20.7%, year ended 31 December 2018: 21.1%). The Groups effective tax rate for the full year is expected to be 21.8%, which has been applied to the six months ended 30 June 2019 (first half of 2018: 20.7%, year ended 31 December 2018: 21.1%) after the impact of some disallowable expenditure offset to some extent by the application of patent box and research and development tax relief.

11. Dividends

	(Unaudited)	(Unaudited)	(Unaudited)
	Six months ended 30 June 2019 £'000	Six months ended 30 June 2018 £'000	Year ended 31 December 2018 £'000
Amounts recognised as distributions to equity holders in the period:			
Final dividend for the year ended 31 December 2017 of 0.75p per ordinary share	-	1,591	1,591
Interim dividend for the year ended 31 December 2018 of 0.42p per ordinary share	-	-	901
Final dividend for the year ended 31 December 2018 of 0.90p per ordinary share	1,931	-	-
	1,931	1,591	2,492

12. Contingent liabilities

The Directors are not aware of any contingent liabilities faced by the Group as at 30 June 2019 (30 June 2018: £nil, 31 December 2018: £nil).

13. Share capital

Share capital as at 30 June 2019 amounted to £10,738,000 (30 June 2018: £10,672,000, 31 December 2018: £10,674,000). During the period the Group issued 1,442,313 shares in respect of exercised share options, LTIPS, Deferred Annual Bonus Scheme and the Deferred Share Bonus Scheme.

14. Going concern

In carrying out their duties in respect of going concern, the Directors have carried out a review of the Group's financial position and cash flow forecasts for the next 12 months. These have been based on a comprehensive review of revenue, expenditure and cash flows, taking into account specific business risks and the current economic environment.

With regards to the Group's financial position, it had cash and cash equivalents at 30 June 2019 of £63.9 million and a five-year, £80 million, multi-currency, revolving credit facility, obtained in December 2018, with an accordion option under which AMS can request up to an additional £20 million on the same terms. The credit facility is provided jointly by HSBC and The Royal Bank of Scotland PLC. It is unsecured on the assets of the Group and is currently undrawn.

While the current economic environment is uncertain, AMS 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 long-term contracts with customers across different geographic regions and also with substantial financial resources, ranging from government agencies through to global healthcare companies.

After taking 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 condensed consolidated financial statements.

15. Principal risks and uncertainties

Further detail concerning the principal risks affecting the business activities of the Group is detailed on pages 32 and 33 of the Annual Report and Accounts for the year ended 31 December 2018. There have been no significant changes since the last annual report.

16. Seasonality of sales

There are no significant factors affecting the seasonality of sales between the first and second half of the year.

17. Events after the balance sheet date

There has been no material event subsequent to the end of the interim reporting period ended 30 June 2019.

18. Copies of the interim results

Copies of the interim results can be obtained from the Group's registered office at Premier Park, 33 Road One, Winsford Industrial Estate, Winsford, Cheshire, CW7 3RT and are available on our website "www.admedsol.com".