14 March 2017

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

Unaudited preliminary Results for the year ended 31 December 2016

~ Strong organic growth and innovation pipeline delivering ~

Winsford, UK: Advanced Medical Solutions Group plc (AIM: AMS), the surgical and advanced wound care specialist company, today announces its unaudited preliminary results for the year ended 31 December 2016.

Financial Highlights

	2016	**2015**	Reported growth	Growth at constant currency[1]
Group revenue (£ million)	**82.6**	**68.6**	20%	13%
Adjusted[2] operating margin (%)	**23.9**	**25.4**	(150bps)	-
Adjusted[2] profit before tax (£ million)	**19.7**	**17.4**	13%	-
Profit before tax (£ million)	**19.1**	**17.0**	12%	-
Adjusted[2] diluted earnings per share (p)	**7.66**	**6.86**	12%	-
Diluted earnings per share (p)	**7.38**	**6.68**	10%	-
Net operating cash flow[3] pre-exceptional items (£ million)	**22.3**	**22.5**	(1%)	
Net cash (£ million)[4]	**51.1**	**34.2**	49%	-

- Proposed final dividend of 0.62p per share, making a total dividend for the year of 0.92p (2015: 0.80p), up 15%

Business Highlights:

- Good sales progress across all Business Units:
  - Branded Distributed up 42% to £20.8 million (2015: £14.6 million), and up 30% at constant currency
  - Branded Direct up 10% to £24.6 million (2015: £22.3 million), and up 3% at constant currency
  - OEM up 16% to £32.1 million (2015: £27.7 million), and up 12% at constant currency
  - Bulk Materials up 33% to £5.2 million (2015: £3.9 million), and up 21% at constant currency
- Continued strong performance in the US with LiquiBand® tissue adhesive range:
  - Revenues up 56% to £12.5 million (2015: £8.0 million) and 39% at constant currency
  - As at 31 December 2016, market share by volume[5] increased to 23% (June 2016: 19%) and initial 20% target share achieved in the combined hospital and non-hospital market
- Successful launch of antimicrobial and atraumatic foam dressings into Europe
- Antimicrobial dressing revenues including both silver and PHMB (Polyhexamethylene Biguanide) up 13% to £17.5 million (2015: £15.5 million) and 9% at constant currency
- Sales of the hernia mesh fixation device, LiquiBand® Fix8™ increased 73% to £1.7 million (2016: £1.0 million), 68% at constant currency, and is in use in 25 countries; now preparing for Pre Market Approval (PMA) in US
- German and Czech RESORBA® business up 15% to £13.1 million (2015: £11.3 million) and 4% at constant currency
- Successful launch of RESORBA® sutures into the US
- ActivHeal® business declined 5% to £6.0 million (2015: £6.4 million)

Commenting on the results Chris Meredith, Chief Executive Officer of AMS, said:
"2016 was the twelfth consecutive year of solid revenue growth for AMS and during the period all Business Units performed well resulting in increased profit and continued strong cash generation. Our LiquiBand® products continue to perform well in the US and we now have captured more than 20% of the market with a target to achieve a further 10% share gain in the next three years. Our strategy for

organic growth is to continue to expand into new geographies through further regulatory approvals, increase our distribution of surgical products through both our direct and distributed routes and launch further high quality products from our R&D pipeline that add value to payors and patients."

- End –

1 *Constant currency removes 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 were £0.4 million (2015: £nil) and amortisation of acquired intangible assets which, in 2016, were £0.2 million (2015: £0.4 million) as defined in the financial review*
3 *Operating cash flow is arrived at by taking the operating profit for the period before exceptional items of £0.4 million (2015: £nil), depreciation, amortisation, working capital movements and other non cash items*
4 *Net cash is defined as cash and cash equivalents plus short term investments less financial liabilities and bank loans*
5 *Data supplied by Global Healthcare Exchange*

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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 wound care markets, focused on quality outcomes for patients and value for payors. AMS has a wide range of wound care products that include silver alginates, alginates, foams, tissue adhesives, sutures and haemostats, which it sells under white label as well as its own brand ActivHeal®, and surgical tissue adhesives, sutures and haemostats, which markets under its own brands; LiquiBand® and RESORBA®.

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 70 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 Company has 600 employees. For more information, please see **www.admedsol.com**.

Chairman's Statement

AMS has had another year of strong performance and continues to progress as a leading, international provider of high quality, high value, innovative and technologically advanced products for the surgical and advanced wound care markets. We are pleased that we have delivered another year of strong revenue growth, profit performance and good cash generation.

I am pleased to report a 20% increase in revenue to £82.6 million (2015: £68.6 million), representing growth of 13% on a constant currency basis and an increase in adjusted[6] profit before tax before exceptional items of 13% to £19.7 million (2015: £17.4 million), and an increase in profit before taxation of 12% to £19.1million (2015: £17.0 million). The continued strong cash flow generation of the business has resulted in the Group ending the year with net cash of £51.1 million (2015: £34.2 million).

Our strategy of having multiple products and multiple routes to market continues to pay off and we have made good progress across all Business Units in the last year. Whilst revenue growth was steady in our Branded Direct Business Unit, our Branded Distributed Business Unit's success in the US has continued with LiquiBand® gaining market share, and surpassing our initial 20% target market share. We have also launched a range of dental sutures into the US through a new partner and we intend to expand our distribution network more widely by targeting market opportunities in Asia Pacific and South America.

Our OEM and Bulk Business Units have performed well. Our partners have delivered good growth supported by a number of new foam product launches. This follows on from our success with LiquiBand® Fix8™ hernia mesh fixation device, our first surgical device using medical adhesive inside the body, with plans in place for open surgery hernia use and other secondary indications subject to regulatory approval. The success of these launches demonstrates the strength and breadth of our innovation and our product development pipeline.

The Board is proposing a final dividend of 0.62p per share, making a total dividend for the year of 0.92p per share, an increase of 15% (2015: 0.80p). If approved at the Annual General Meeting, this dividend will be paid on 16 June 2017 to shareholders on the register at the close of business on 26 May 2017.

On behalf of the Board, I would like to thank all of our employees for their contributions during the past year which have been central to the Company's strong performance. I would also like to thank our customers, suppliers, business partners and shareholders for their continued support in helping AMS achieve its goals.

We ensure that the Group is managed in accordance with the UK Corporate Governance Code as far as is reasonably practicable, although it is not a requirement for an AIM quoted company. The Board believes that effective corporate governance will assist in the delivery of shareholder value and safe-guarding shareholders' long-term interests.

AMS continues to be in robust financial health and is well positioned to invest in both internal and external opportunities in line with the Group's long-term strategy priorities and growth objectives.

Peter Allen
Chairman

[6] *All items are shown before amortisation of acquired intangible assets which, in 2016, was £0.2 million (2015: £0.4 million) as defined in the financial review and before exceptional costs which were £0.4 million (2015 :£nil)*

Chief Executive's Statement

I am pleased to report another strong set of results across the Group. Our revenue has increased 20% to £82.6 million and we have improved our adjusted profit before tax and before exceptional items by 13% to £19.7 million, marking the twelfth consecutive year we have delivered growth in revenue, profits and earnings per share.

We continue to deliver on our strategy for growth by expanding into new geographies, increasing our distribution of surgical products through our direct sales forces, enhancing our product portfolio and providing high quality products that add value to payors in our advanced woundcare and surgical markets.

Branded Distributed

The Branded Distributed Business Unit reports the sales of our brands through third party distributors where the Group does not have a direct sales force.

Branded Distributed reported revenue was 42% higher at £20.8 million (2015: £14.6 million) and 30% higher at constant currency. The main contributor to this growth continues to be the sales of our LiquiBand® range of products into the US, which accounted for 60% of the Business Unit's total sales.

LiquiBand® in the US
Sales of LiquiBand® in the US increased by 56% to £12.5 million (2015: £8.0 million) at reported currency and by 39% at constant currency. We have now increased our volume market share in the US market to 23%[7], up from the half year and exceeding the initial target of 20% set when we first launched this product into the US in 2010.

Our LiquiBand® range of products utilises different formulations of cyanoacrylate that meet the needs of the surgeon and are sold by our distributors throughout the whole of the US. LiquiBand® products combine cyanoacrylate adhesive technology with innovatively designed applicators that are able to meet the requirements of the surgeon and the treatment of the full spectrum of wounds that they need to close and protect. Our US based product sales specialists continue to work closely with our distributors to convert more hospitals and we are now targeting a further 10% market gain over the next three years, to take our market share by volume to at least 30%.

LiquiBand® in the EU and Rest of the World
Outside of the US, in the EU and ROW, our sales of LiquiBand® have increased by 29% to £2.2 million (2015: £1.7 million) at reported currency and 28% at constant currency. We have now started to increase our sales in Asia Pacific by signing distributorships in these regions and are supporting these with personnel based in the region. We are already seeing some early success with an additional seven distributorships agreed, selling our tissue adhesives, haemostats and sutures. This provides a significant opportunity for us in the medium term.

Our regulatory approval process for LiquiBand® in China has proved challenging and has been paused. The tissue adhesive market in China is small and nascent and will take some time to develop. In the meantime we will invest resources into gaining access into the more readily accessible markets in Asia and the Middle East.

Hernia Mesh Fixation device - LiquiBand® Fix8™
AMS received approval to market LiquiBand® Fix 8™, in Europe in May 2014. This was the Group's first application using medical cyanoacrylate technology inside the body. It is used to hold hernia meshes in place within the body instead of traditional tacks and staples. This accurate laparoscopic application of adhesive is expected to reduce surgical complications, in particular the potential pain associated with the use of tacks and staples, thereby improving the patient experience and reducing healthcare costs overall.

Surgeon response to LiquiBand® Fix8™ has been very positive about the ease of use of this device and the benefit it brings to patients regarding the reduced incidence of post-operative pain. Sales of LiquiBand® Fix8™ in our Branded Distributed Unit increased by 69% to £1.1 million (2015: £0.7 million). A number of surgeons have endorsed the product and have provided valuable feedback about enhancements to the device as well as other possible non-hernia applications. The Company is

[7]*Data supplied by Global Healthcare Exchange*

actively exploring these opportunities.

Having had more than 12 months' feedback from European usage, we have made improvements to the device. We are now in a position to start the process to gain approval to market this device in the US. As this will be a first-to-market device into the US, the regulatory process will be a full Pre Market Approval (PMA) involving clinical trials. Our estimate is that it will take around three years to achieve, requiring an investment of at least £3 million.

RESORBA®

Sales of RESORBA® products to all export markets (excluding Russia) increased by 25% at reported currency to £3.9 million (2015: £3.1 million), and by 12% at constant currency. Within this, our sales of dental products have increased 33% to £1.9 million and 20% at constant currency. This includes our first sales of dental sutures into the US following their approval from the FDA in 2015.

We launched a range of dental sutures into the US with a specialised dental distributor in March 2016 and have achieved £0.2 million of sales in the first year. Gaining US approval for the RESORBA® product range has been an aim for the Group since we acquired the business in late 2011 and now provides a significant opportunity for the Group in the medium term. The total US surgical suture market is estimated to be in excess of $1billion in size and is dominated by a few major brands.

Sales in Russia increased by 28% at constant currency, and increased 29% at reported currency to £1.0 million (2015: £0.8 million) reflecting improved market conditions.

Research and Development
In R&D our focus is on continuing to improve the formulations of the base monomers that are used in our adhesives as well as improving the design and innovation around our devices. We have modified the tip and priming mechanism of our hernia fixation device following surgeon feedback and have started the process to get FDA approval to sell this product into the US.

Development work has also started on an open hernia mesh fixation device which we hope will gain approval in Europe this year.

In addition, work has begun on gaining approval in Europe for the LiquiBand® Fix 8™ device for new indications and it is expected we will be selling the first of these in 2018.

Branded Direct

The Branded Direct Business Unit reports sales of our branded products through our own sales teams in the UK, Germany and Czech Republic. Reported revenue increased 10% to £24.6 million (2015: £22.3 million) and grew by 3% at constant currency.

UK
Within the UK we supply our range of woundcare dressings, ActivHeal® into the NHS, supplying both hospitals and community care. We supply LiquiBand®, haemostats and sutures as part of our surgical offering.

ActivHeal®
ActivHeal® is our range of high quality woundcare dressings that offer the NHS significant cost savings without compromising on clinical outcomes or patient care. Sales of our ActivHeal® range decreased by 5% to £6.0 million (2015: £6.4 million) as we failed to make up the lost ground that occurred during the destocking in the first half of the year. We have been disappointed by this performance and have taken a number of initiatives to reinvigorate sales. We have refocused our sales efforts, provided further training to our commercial team and have enhanced our education and marketing materials. We have also strengthened our brand by broadening the product range being offered to include our anti-microbial and atraumatic foam dressings. ActivHeal® offers a compelling proposition for the NHS and remains a significant opportunity for the Group.

LiquiBand®

Sales of LiquiBand® into the Accident and Emergency Room ('A&E') in the UK increased 1% to £2.3 million (2015: £2.3 million), reversing the decline of the prior year and addressing the competitive challenges we have seen, while sales of LiquiBand® into the OR increased 31% to £0.9 million (2015: £0.7 million). We are confident of the market opportunity for LiquiBand® in the UK, particularly in the Operating Room. Sales of LiquiBand® Fix8™ in the UK increased to £0.1 million (2015: £0.05 million).

Germany and Czech Republic
Germany is one of the key markets in Europe and sales of LiquiBand® in Germany, and Czech Republic, increased 20% at reported currency to £1.7 million (2015: £1.4 million) and by 8% at constant currency, while sales of LiquiBand® Fix8™ increased 88% to £0.5 million (2015: £0.2 million). We are pleased with the steady progress we are making in converting doctors and surgeons to the benefits of LiquiBand® and LiquiBand® Fix8™.

RESORBA®
Sales of RESORBA® branded products in Germany and the Czech Republic increased 15% at £13.1 million (2015: £11.3 million) at reported level and 4% at constant currency. Within this, sales of haemostats increased by 21% to £3.9 million (2015: £3.3 million) and by 9% at constant currency, sales of sutures and collagens into the dental market increased by 14% to £3.5 million and by 3% at constant currency, whilst sales of sutures into hospitals were increased by 11% to £4.7 million (2015: £4.1 million) and flat at constant currency. We are seeing some success in targetting smaller accounts that should prove quicker to convert. However, it can take some time for conversions to be fully effective. We believe our ability to supply a comprehensive range of high quality sutures that provide cost savings to hospitals remains compelling.

Sales of RESORBA® sutures and haemostats into the NHS increased by 18% to £0.2 million (2015: £0.2 million) and this still remains a sizeable opportunity for us, even though conversion remains slower than we would like.

Research & Development
In R&D, our focus is on extending the attributes of our collagens to meet the needs of dental surgeons as well as including new antibiotics in our haemostats. We also may consider licensing our technology to other parties if this will result in products being quicker to launch. Longer term we are looking to develop innovative applications for collagen to address unmet clinical needs or improve the outcome of current surgical procedures.

OEM

The OEM Business Unit reports the sales of products that are sold under third parties' brands. We have been working with several of the world's major wound care companies for a number of years. We provide manufacturing services to supply their woundcare dressings, new products they can incorporate into their portfolio of brands, as well as regulatory assistance in obtaining product approvals in overseas markets.

OEM revenue increased by 16% at reported currency to £32.1 million (2015: £27.7 million) and by 12% at constant currency.

Our OEM business is dependent on the success of the customers that our partners serve and the outcome of their strategies. Historically, it is prone to volatility as a result of ordering patterns, pipeline filling associated with new product launches and variability surrounding tender award allocations. Consequently, revenues and product mix can vary from year to year and can impact operating margin. In general, as we work with a large number of partners, the potential effects of this volatility are mitigated. Through the latter part of 2016 we have identified that there has been a slowdown in activity in the Middle East resulting in delays in the determination of some hospital tender awards; this is having an impact on some of our partners that have significant business in the region. We are yet to see a reversal of this trend in 2017, this may impact performance of this Business Unit in the short term, however, we continue to believe in the long-term potential of this growth market.

In 2016 we introduced two new ranges of foam products; our antimicrobial foam range containing Polyhexamethylene Biguanide (PHMB) and our atraumatic foam range incorporating silicone, facilitating easy dressing removal from sensitive skin. These have been successfully launched this year.

We received CE approval in Europe for our antimicrobial dressing on 1 September 2015. PHMB has been shown to be effective against several bacteria including, amongst others, Staphylococcus Aureus including the methicillin resistant type, (MRSA) and Escherichia Coli (E-Coli) and this dressing may be used throughout the healing process on moderate to heavily exuding chronic and acute wounds that are infected or are at risk of infection as well as on pressure ulcers, leg and foot ulcers, diabetic ulcers and surgical wounds.

Our PHMB foam dressing range augments our antimicrobial, silver alginate dressing ranges and provides an alternative method of treating infected wounds.

We are currently working to achieve approval for our PHMB foam dressings in the US and once this is received we expect to be able launch later this year.

Our silver alginate business grew by 4% to £16.2 million (2015: £15.5 million) at a reported level, but sales were flat at constant currency with the silver range taken by one specific partner being particularly affected by the slow-down in the Middle East. Excluding this partner's sales, the rest of the silver alginate business grew 5% at constant currency.

Our new PHMB dressings may have had some impact on our silver alginate business, however, our combined sales of all antimicrobial ranges have increased by 13% at a reported level to £17.5 million (2015: £15.5 million) and by 9% at constant currency.

The launch of our range of atraumatic foam dressings into our advanced wound care range has further extended our foam portfolio and sales of all our foam-based dressings have increased 196% to £5.3 million (2015: £1.8 million) and by 191% at constant currency.

Sales of other woundcare products have also continued to perform well and have increased by 9% to £10.5 million (2015: £9.7 million) and by 5% at constant currency.

During 2016, we renegotiated the supply agreement with an OEM partner for collagen products, from an exclusive to a non-exclusive arrangement, allowing us to now supply an enhanced range of collagen products though our distributors into the EU and through our direct sales force in the UK. In the medium term, we expect increased sales in both our Branded Direct and Branded Distributed Business Units, as our collagen product portfolio is extended. As antictipated, given that the OEM partner is no longer required to meet a minimum amount of sales to maintain exclusivity, this has resulted in a decline of the sales of collagen products in the Business Unit, which reduced by 85% to £0.1 million and by 87% at constant currency.

Research and Development
We continue to work on extending our advanced woundcare portfolio with focus on extending our antimicrobial range, improving the absorbancy of dressings and combining a number of materials to enhance product performance.

Bulk Materials

The Bulk Business Unit reports sales of bulk materials to third party convertors as well as supplying foam into the OEM and Direct Business Units as a key material in our foam-based wound dressings.

Bulk Materials revenue increased by 33% at reported currency to £5.2 million (2015: £3.9 million) and by 21% at constant currency.

Rollstock foam contributed around 93% of Bulk revenue and good growth was seen by several partners.

Research and Development
In R&D, the focus is on developing new foam formulations, working in conjunction with the OEM Business Unit.

Operations

Efficiency and gross margins
We continue to make operational improvements by reducing set up times, eliminating non-value added activities and increasing outputs wherever possible. These incremental efficiencies help to improve gross margins across the Group.

The launches of the two new foam dressing ranges have required new converting processes to be developed and the success of the launches has resulted in significant volumes of new product being required. We are pleased that we met these significant volume demands, however, the initial efficiencies of these processes have been lower than for our more established ranges and lower than we would expect to obtain on a regular basis. We estimate that these operating effects have had a negative impact of around 400 basis points on the operating margins for the OEM business, where most of the sales of these products have been recorded. Changes are currently being made to the manufacturing processes to improve our efficiences and we would expect to see margin improvement in 2017.

Capacity and resource
Investment is being made in The Netherlands to increase our foam capacity by approximately 40%. A new line is expected to be operational in the second half of the year.

We continue to invest in improving our ERP (Enterprise Resource Planning) management and reporting systems and having already successfully completed the implementation in Winsford, Plymouth and The Netherlands facilities where we have converted to Oracle ERP, we are now working on implementing Oracle ERP in Germany. The project is expected to complete in the second half of 2017.

Regulatory and quality assurance
With the regulatory framework becoming increasingly complex, we have continued to invest in both Regulatory and Quality functions and systems to ensure that we are able to support our partners with winning approvals in new markets as well as obtaining approval for our own products.

The FDA conducted its first ever routine inspection at the Group in June 2016 at our Winsford site and we were pleased with the positive outcome.

On the back of our success with LiquiBand® Fix 8™ in Europe we have started work to gain approval to market this product in the US which will involve a full PMA and is likely to take at least three years with an investment of at least £3 million.

We are also working on identifying the regulatory pathway to approve the inclusion of antibiotics in collagens and progressing with obtaining approval to sell our collagen products in the US. The latter approval is expected in late 2017 / early 2018.

Our regulatory approval process for LiquiBand® in China has continued to be challenging. Having resubmitted our files to the Chinese FDA further extensive Chinese based clinical trials have been requested. As there is a lack of clarity around the nature of the trials we have decided to cease the process until there is more certainty around what is required for approval.

Our culture
As a Group that is highly dependent on the innovation and creativity of our employees for our future growth and success, it is important that we have a culture and set of values that is clearly understood across the business. We have adopted the business motto of 'The AMS Care, Fair, Dare approach' to summarise our culture, underpin our values, and to deliver results, building a sustainable future for our business. Under this motto, we have defined the principles and expectations of how we will operate together to deliver success.

We recognise the importance of our people to the Group and that it is only by their effective engagement that we will continue to be highly successful. We value their commitment and determination to achieve and deliver good results. Our working environment encourages openness, teamwork, an understanding of others' needs and the ability 'to make a difference'. We continue to develop the talent at AMS by training and by providing a place to work where our employees feel valued, incentivised and fulfilled.

Acquisition strategy

The Group is actively looking for businesses that fit its acquisition strategy. During the period, an opportunity was identified and work undertaken to understand a business in more detail. As a result of the outcome of this work, a decision was taken not to proceed. An exceptional charge of £0.4 million has been incurred relating to this activity. The Group continues to actively review suitable acquisition opportunities.

Referendum vote to leave the EU
There has been no immediate impact on the Group's operations following the UK's referendum vote to leave the EU other than the positive impact on currency exchange rates. The Group is considering the potential impact to the business once the UK leaves the EU and has started to plan for this outcome.

Summary and Outlook

We have delivered a reported 20% revenue growth, 13% at constant currency, with good profitability and cash generation during the year.

All Business Units have delivered growth at constant currency with US sales, in particular, delivering a very strong performance and, not withstanding the OEM slight headwinds in emerging markets, we expect this to continue in the coming year. We have been very pleased with the launches of our antimicrobial and atraumatic foam dressings into our advanced wound care range. With the continued success of our LiquiBand® Fix8™ hernia mesh fixation device, we are seeking approval for new indications and new market entry.

We continue to invest in research and development to keep improving our product range and deliver innovation that benefits payors and patients.

We are confident that the Group, with its highest quality products, is well placed to deliver growth and we remain optimistic about the prospects for our future.

Financial Review

Summary

Group revenue increased by 20% to £82.6 million (2015: £68.6 million). At constant currency, revenue growth was 13%.

The Group incurred an exceptional expense of £0.4 million in the year relating to an aborted acquisition (2015: nil). The Group uses alternative performance measures such as adjusted operating margin, adjusted profit before tax, net operating cash flow pre-exceptional items, together with current revenue measures restated at constant exchange rates, to allow the users of the accounts to gain a clearer understanding of the performance of the businss, allowing the impacts of amortisation, exceptional items and exchange rate volatility to be separately identified.

Amortisation of acquired intangible assets was £0.2 million in the period (2015: £0.4 million).

To aid comparison, the Group's adjusted income statement is summarised in Table 1 below.

Table 1 **Adjusted Income Statement**	**Year ended 31-Dec-16** **£'000**	Year ended 31-Dec-15 £'000	Change
Revenue	**82,621**	68,596	20%
Gross profit	**47,427**	39,908	19%
Distribution costs	**(1,047)**	(951)	
Adjusted administration costs[8]	**(27,293)**	(22,138)	
Other income	**621**	589	
Adjusted operating profit	**19,708**	17,408	13%
Net finance costs	**(3)**	(45)	
Adjusted profit before tax	**19,705**	17,363	13%
Amortisation of acquired intangibles	**(242)**	(367)	
Exceptional Items	**(361)**	-	
Profit before tax	**19,102**	16,996	12%
Tax	**(3,410)**	(2,877)	
Profit for the period	**15,692**	14,119	11%
Adjusted earnings per share – basic[9]	**7.76p**	6.95p	12%
Earnings per share – basic[9]	**7.48p**	6.78p	10%
Adjusted earnings per share – diluted[9]	**7.66p**	6.86p	12%
Earnings per share – diluted[9]	**7.38p**	6.68p	10%

8 Adjusted administration costs exclude amortisation of acquired intangible assets and exceptional items
9 See Note 7 Earnings per share for details of calculation

Revenues were favourably impacted by approximately £4.9 million due to the effects of currency movements in the year. Gross margin reduced overall by 80bps due to adverse operational variances on new wound care ranges, partly offset by mix changes and the favourable impact of currency movements.

Adjusted operating profit before exceptional items increased by 13% to £19.7 million (2015: £17.4 million) but the adjusted operating margin reduced by 150 bps to 23.9% (2015: 25.4%). Administration costs excluding exceptional items increased by 23% to £27.3m (2015: £22.1 million) due to currency movements and further investment in selling and marketing, particularly to support the Branded Direct business unit. There was also a benefit from the translation of US dollar receivables. The Group expensed £2.3 million of R&D to the income statement (2015: £1.8 million). Spend as a percentage of sales increased to 2.8% (2015: 2.6%).

Profit before tax for the year was 12% higher at £19.1 million (2015: £17.0 million).

The Group's effective rate of tax for the year was 17.9% (2015: 16.9%). This is reflective of the utilisation of previously unrecognised brought-forward UK tax losses, Patent Box relief and R&D tax credits. It also reflects the impact of blending profits and losses from different countries and the different tax rates associated with these countries. The effective tax rate of the Group is expected to increase in 2017, as the Group is no longer classified as a Small Medium Enterprise (SME) and will no longer be able to gain R&D tax credits at the SME rate. We estimate that this will increase our taxation rate by approximately two percent.

A reconciliation between the weighted average Group tax rate and the Group's effective rate is summarised in Table 2 below.

Table 2

Taxation	**%**
Weighted average Group tax rate	22.11
Loss utilisation and recognition	(1.06)
Patent box relief	(1.27)
R&D relief	(0.96)
Expenses not deductible, prior year adjustments, depreciation & share based payments	(0.97)
Effective taxation rate	17.85

Earnings (excluding amortisation of acquired intangible assets and before exceptional items) increased by 12% to £16.3 million (2015: £14.5 million), resulting in a 12% increase in adjusted basic earnings per share to 7.77p (2015: 6.95p) and a 12% increase in adjusted diluted earnings per share to 7.66p (2015: 6.86p).

Profit after tax increased by 11% to £15.7 million (2015: £14.1 million), resulting in a 10% increase in basic earnings per share to 7.48p (2015: 6.78p) and a 10% increase in diluted earnings per share to 7.38p (2015: 6.68p).

The Board is proposing a final dividend of 0.62p per share, to be paid on 16 June 2017 to shareholders on the register at the close of business on 26 May 2017. This follows the interim dividend of 0.30p per share that was paid on 30 October 2016 and would, if approved, make a total dividend for the year of 0.92p per share (2015: 0.80p), a 15% increase on 2015.

The operational performance of the Business Units is shown in Table 3 below. The adjusted profit from operations and the adjusted margin are shown after excluding amortisation of acquired intangibles. To aid comparison and in determining the operational margins of the individual Business Units, the revenue of the Bulk Materials Business Unit sales made to other Business Units of £1.8 million (2015: £0.8 milllion) is included.

Table 3

Operating result by business segment

Year ended 31 December 2016	**Branded Distributed**	**Branded Direct**	**OEM**	**Bulk Materials**
	£'000	**£'000**	**£'000**	**£'000**
Revenue	**20,753**	**24,553**	**32,070**	**7,040**
Profit from operations	**6,337**	**4,976**	**6,881**	**1,796**
Amortisation of acquired intangibles	**84**	**141**	**17**	**-**
Adjusted profit from operations[10]	**6,421**	**5,117**	**6,898**	**1,796**
Adjusted operating margin[10]	**30.9%**	**20.8%**	**21.5%**	**25.5%**
Year ended 31 December 2015				
Revenue	14,631	22,344	27,674	4,772
Profit from operations	4,366	5,235	7,139	814
Amortisation of acquired intangibles	127	214	25	-

Adjusted profit from operations[10]	4,493	5,449	7,164	814
Adjusted operating margin[10]	30.7%	24.4%	25.9%	17.1%

[10] excludes amortisation of intangible assets and exceptional items

Branded Distributed
The adjusted operating margin of this Business Unit increased to 30.9% (2015: 30.7%), supported by US sales growth, but was lower than the margin reported in H1 2016 (35.4%), reflecting a higher than usual proportion of US sales in H1 and an increase in business unit operating expenses as a result of investment in sales and marketing personnel.

Branded Direct
The adjusted operating margin of this Business Unit reduced to 20.8% (2015: 24.4%) mainly due to continued investment in sales and marketing and was lower than the position at H1 2016 (23.7%) mainly due to the phasing of fee income which occurred in the first six months of the year.

OEM
The adjusted operating margin of this Business Unit reduced to 21.5% (2015: 25.9%) due to adverse operational variances on new wound care ranges albeit higher than the margin reported at H1 2016 (18.1%). It is worth noting that some of the margin benefit arising from the substantial increase in OEM foam sales is reported in the Bulk Materials business unit and is part of the reason for the increase in operating margin in that Business Unit.

Bulk Materials
The adjusted operating margin of this Business Unit increased to 25.5% (2015: 17.1%), and improved from the position in H1 2016 (22.9%). Margins were affected by the higher volumes of production and sales, including a substantial increase in intercompany sales to the OEM business unit.

Geographic breakdown of revenues

The geographic breakdown of Group revenues in 2016 is shown in Table 4 below:

Table 4

Geographic Breakdown of Group Revenues				
£ millions	**2016**	**% of total**	**2015**	**% of total**
Europe (excluding UK & Germany)	**21.4**	**25.9%**	19.1	27.8%
Germany	**18.3**	**22.1%**	13.4	19.5%
UK	**17.4**	**21.1%**	16.7	24.3%
USA	**23.5**	**28.5%**	17.8	25.9%
Rest of World	**2.0**	**2.4%**	1.6	2.3%

48% of the Group's sales are in Europe (excluding the UK) of which 59% are denominated in Euros. Approximately 95% of all sales to the US are denominated in US Dollars. The Group hedges significant transaction exposure by using forward contracts and options and aims to have 70% of its estimated transactional exposure for the next twelve months hedged. The Group estimates that a 10% movement in the £:US$ or £: Euro exchange rate will impact Sterling revenues by approximately 2.7% and 3.1% respectively and in the absence of any hedging this would have an impact on profit of 2.2% and 0.5%.

Cash Flow

Table 5 summarises the Group's cash flows.

Table 5

Group Cash Flows		
	2016	2015
Year ended 31 December	**£'000**	£'000
Adjusted operating profit (Table 1)	**19,708**	17,408
Non-cash items	**4,023**	3,153
Adjusted EBITDA[11]	**23,731**	20,561
Working capital movement	**(1,480)**	1,983
Operating cash flow before exceptional items	**22,251**	22,544
Exceptional items	**(361)**	-
Operating cashflow after exceptional items	**21,890**	22,544
Capital expenditure and capitalised R&D	**(2,536)**	(2,675)
Net Interest	**(3)**	(47)
Tax	**(2,065)**	(1,253)
Free cash flow	**17,286**	18,569
Dividends paid	**(1,783)**	(1,521)
Proceeds from share issues	**868**	494
Exchange gains /(losses)	**553**	(621)
Net increase in cash and cash equivalents	**16,924**	16,921

11: Adjusted EBITDA is earnings before interest, tax, depreciation, intangible asset amortisation, share based payments and exceptional items

Adjusted EBITDA increased by 15% to £23.7 million (2015: £20.6 million).

Working capital increased in the year in line with the growth of the business. 4.4 months of supply of inventory was held across the group (2015: 4.4 months of supply). Trade debtor days were in line with prior year at 41 days (2015: 41 days) while trade payable days decreased slightly to 33 days (2015: 34 days).

The Group generated net cash from operating activities of £21.9 million (2015: £22.5 million) (see Table 5) and had net cash of £51.1 million (2015: £34.2 million) at the end of the year.

In the year, we invested £2.6 million in capital equipment, software and capitalised R&D (2015: £2.7 million), including ERP software and internally developed products.

The Group generated a free cash flow of £17.3 million in the year (2015: £18.6 million). The conversion of adjusted operating profit into free cash flow was 88% (2015: 107%).

The Group paid its final dividend for the year ended 31 December 2015 of £1.2 million (2015: for the year ending 2014, £1.0 million) on 10 June 2016, and its interim dividend for the six months ended 30 June 2016 of £0.6 million (2015: £0.6 million) on 28 October 2016.

In December 2014 the Group entered into a five-year, £30 million, multi-currency revolving credit facility with an accordion option under which AMS can request up to an additional £20 million on the same terms. The previous facility for £4 million was due to expire in 2015. The Group chose to take advantage of favourable credit conditions to put in place a more suitable facility to support its growth ambitions. The new facility is provided jointly by the Group's existing bankers, HSBC, as well as The Royal Bank of Scotland PLC. 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 0.65% and 1.75% depending on the Group's net debt to EBITDA ratio.

At the end of the period, the Group had net cash of £51.1 million (2015: £34.2 million). The movement in net cash from the start of the year to net cash at the end of the year is reconciled in Table 6 below:

Table 6

Movement in net cash	£'000
Net cash as at 1 January 2016	**34,201**
Exchange rate impacts	553
Free cash flow	17,286
Dividends paid	(1,783)
Proceeds from share issues	868
Net cash as at 31 December 2016	**51,125**

The Group's going concern position is fully described in note 2.

CONDENSED CONSOLIDATED INCOME STATEMENT

Year ended 31 December	Note	Before exceptional items	Exceptional items	(Unaudited) 2016 £'000	(Audited) 2015 £'000
Revenue from continuing operations	4	**82,621**	**-**	**82,621**	68,596
Cost of sales		**(35,194)**		**(35,194)**	(28,688)
Gross profit		**47,427**	**-**	**47,427**	39,908
Distribution costs		**(1,047)**	**-**	**(1,047)**	(951)
Administration costs		**(27,535)**	**(361)**	**(27,896)**	(22,505)
Other income		**621**	**-**	**621**	589
Profit from operations	4,5	**19,466**	**(361)**	**19,105**	17,041
Finance income		**108**	**-**	**108**	73
Finance costs		**(111)**	**-**	**(111)**	(118)
Profit before taxation		**19,463**	**(361)**	**19,102**	16,996
Income tax	6	**(3,410)**	**-**	**(3,410)**	(2,877)
Profit for the year attributable to equity holders of the parent		**16,053**	**(361)**	**15,692**	14,119
Earnings per share					
Basic	7	**7.65p**	**(0.17p)**	**7.48p**	6.78p
Diluted	7	**7.55p**	**(0.17p)**	**7.38p**	6.68p
Adjusted[12] diluted	7	**7.66p**	**(0.17p)**	**7.49p**	6.86p

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	(Unaudited) 2016 £'000	(Audited) 2015 £'000
Profit for the year	**15,692**	14,119
Items that will potentially be reclassified subsequently to profit and loss:		
Exchange differences on translation of foreign operations	**8,851**	(3,348)
Loss arising on cash flow hedges	**(3,009)**	(3)
Other comprehensive income/(expense) for the year	**5,842**	(3,351)
Total comprehensive income for the year attributable to equity holders of the parent	**21,534**	10,768

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	(Unaudited)	(Audited)
	31-Dec-16	31-Dec-15
	£'000	£'000
Assets		
Non-current assets		
Acquired intellectual property rights	**9,468**	8,359
Software intangibles	**2,500**	2,009
Development costs	**1,645**	1,803
Goodwill	**40,337**	34,579
Property, plant and equipment	**16,177**	15,795
Deferred tax assets	**-**	135
Trade and other receivables	**10**	13
	70,137	62,693
Current assets		
Inventories	**11,440**	8,843
Trade and other receivables	**11,872**	10,817
Current tax assets	**432**	9
Cash and cash equivalents	**51,125**	34,201
	74,869	53,870
Total assets	**145,006**	116,563
Liabilities		
Current liabilities		
Trade and other payables	**13,830**	9,139
Current tax liabilities	**2,049**	806
Other taxes payable	**85**	234
Obligations under finance leases	**-**	1
	15,964	10,180
Non-current liabilities		
Trade and other payables	**362**	415
Deferred tax liabilities	**3,152**	2,311
	3,514	2,726
Total liabilities	**19,478**	12,906
Net assets	**125,528**	103,657
Equity		
Share capital	**10,524**	10,451
Share premium	**34,005**	33,196
Share-based payments reserve	**3,469**	2,253
Investment in own shares	**(152)**	(152)
Share-based payments deferred tax reserve	**459**	437
Other reserve	**1,531**	1,531
Hedging reserve	**(3,534)**	(525)
Translation reserve	**636**	(8,215)
Retained earnings	**78,590**	64,681
Equity attributable to equity holders of the parent	**125,528**	103,657

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 2015 (audited)	10,393	32,742	1,563	(148)	278	1,531	(522)	(4,867)	52,083	93,053
Consolidated profit for the year to 31 December 2015	-	-	-	-	-	-	-	-	14,119	14,119
Other comprehensive income	-	-	-	-	-	-	(3)	(3,348)	-	(3,351)
Total comprehensive income	-	-	-	-	-	-	(3)	(3,348)	14,119	10,768
Share-based payments	-	-	709	-	159	-	-	-	-	868
Share options exercised	58	454	(19)	-	-	-	-	-	-	493
Shares purchased by EBT	-	-	-	(262)	-	-	-	-	-	(262)
Shares sold by EBT	-	-	-	258	-	-	-	-	-	258
Dividends paid	-	-	-	-	-	-	-	-	(1,521)	(1,521)
At 31 December 2015 (audited)	10,451	33,196	2,253	(152)	437	1,531	(525)	(8,215)	64,681	103,657
Consolidated profit for the year to 31 Dec 2016	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**15,692**	**15,692**
Other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**(3,009)**	**8,851**	**-**	**5,842**
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**(3,009)**	**8,851**	**15,692**	**21,534**
Share-based payments	**-**	**-**	**1,230**	**-**	**22**	**-**	**-**	**-**	**-**	**1,252**
Share options exercised	**73**	**809**	**(14)**	**-**	**-**	**-**	**-**	**-**	**-**	**868**
Shares purchased by EBT	**-**	**-**	**-**	**(449)**	**-**	**-**	**-**	**-**	**-**	**(449)**
Shares sold by EBT	**-**	**-**	**-**	**449**	**-**	**-**	**-**	**-**	**-**	**449**
Dividends paid	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(1,783)**	**(1,783)**
At 31 December 2016 (unaudited)	**10,524**	**34,005**	**3,469**	**(152)**	**459**	**1,531**	**(3,534)**	**636**	**78,590**	**125,528**

CONSOLIDATED STATEMENT OF CASH FLOWS

	(Unaudited)	(Audited)
Year ended 31 December	**2016**	2015
	£'000	£'000
Cash flows from operating activities		
Profit from operations	**19,105**	17,041
Adjustments for:		
Depreciation	**1,898**	1,745
Amortisation		
- intellectual property rights	**242**	367
- development costs	**441**	410
- software intangibles	**329**	289
Impairment of development costs	**125**	-
Increase in inventories	**(2,005)**	(1,501)
(Increase)/decrease in trade and other receivables	**(674)**	2,148
Increase in trade and other payables	**1,199**	1,336
Share-based payments expense	**1,230**	709
Taxation	**(2,065)**	(1,253)
Net cash inflow from operating activities	**19,825**	21,291
Cash flows from investing activities		
Purchase of software	**(795)**	(472)
Capitalised research and development	**(259)**	(373)
Purchases of property, plant and equipment	**(1,523)**	(1,907)
Disposal of property, plant and equipment	**41**	77
Interest received	**109**	73
Net cash used in investing activities	**(2,427)**	(2,602)
Cash flows from financing activities		
Dividends paid	**(1,783)**	(1,521)
Finance lease	**(1)**	(2)
Issue of equity shares	**868**	498
Shares purchased by EBT	**(449)**	(262)
Shares sold by EBT	**449**	258
Interest paid	**(111)**	(118)
Net cash used in financing activities	**(1,027)**	(1,147)
Net increase in cash and cash equivalents	**16,371**	17,542
Cash and cash equivalents at the beginning of the year	**34,201**	17,280
Effect of foreign exchange rate changes	**553**	(621)
Cash and cash equivalents at the end of the year	**51,125**	34,201

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 2016 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 2015.

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 2017.

The financial information set out in the announcement does not constitute the Group's statutory accounts for the years ended 31 December 2016 or 31 December 2015. The financial information for the year ended 31 December 2015 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 2016 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 2015.

With regards to the Group's financial position, it had cash and cash equivalents at the year end of £51.1 million. The Group also has in place a five-year, unsecured, new multi-currency, credit facility for £30 million which is due for renewal in December 2019 and which was undrawn in 2016.

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 long-term contracts with customers across different geographic regions and also with substantial financial resources, ranging from government agencies through to global healthcare companies.

Having taken the above into consideration the Directors have reached a 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.

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:

- Amendments to IAS 1, Presentation of Financial Statements: Disclosure Initiative.
- Amendments to IAS 16 and IAS 38, Clarification of Acceptable Methods of Depreciation and Amortisation.
- Annual Improvements 2012-2014 Cycle, specifically amendments to (i) IFRS 5, Non-current Assets Held for Sale and Discontinued Operations, (ii) IFRS 7, Financial Instruments: Disclosures, and (iii) IAS 19, Employee Benefits.

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 2, Share-based Payment - effective for accounting periods beginning on or after 1 January 2018.
- IFRS 16, Leases - effective for accounting periods beginning on or after 1 January 2019.
- IAS 7, Statement of Cash Flows - effective for accounting periods beginning on or after 1 January 2017.

- IAS 12, Income Taxes - effective for accounting periods beginning on or after 1 January 2017.
- IFRS 9, Financial Instruments: Classification and measurement - effective for accounting periods beginning on or after 1 January 2018.
- IFRS 15, Revenue from Contracts with Customers - effective for accounting periods beginning on or after 1 January 2018.

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 incorporating new standards effective for the year as noted above. 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. Segment information

As referred to in the Chief Executive's Report, the Group is organised into four business units: Branded Direct, Branded Distributed, OEM (original equipment manufacturer) and Bulk Materials. 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 2016 (unaudited)	**Branded Direct**	**Branded Distributed**	**OEM**	**Bulk Materials**	**Eliminations**	**Consolidated**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Revenue						
External sales	**24,553**	**20,753**	**32,070**	**5,245**	-	**82,621**
Inter-segment sales				**1,795**	**(1,795)**	**-**
Total revenue	**24,553**	**20,753**	**32,070**	**7,040**	**(1,795)**	**82,621**
Result						
Segment result	**4,976**	**6,337**	**6,881**	**1,796**		**19,990**
Unallocated expenses						**(885)**
Profit from operations						**19,105**
Finance income						**108**
Finance costs						**(111)**
Profit before tax						**19,102**
Tax						**(3,410)**
Profit for the year						**15,692**

At 31 December 2016 (unaudited)	**Branded Direct**	**Branded Distributed**	**OEM**	**Bulk Materials**		**Consolidated**
Other Information	**£'000**	**£'000**	**£'000**	**£'000**		**£'000**
Capital additions:						
Software intangibles	**463**	**133**	**194**	**5**		**795**
Development	**31**	**126**	**100**	**2**		**259**
Property, plant and equipment	**734**	**371**	**201**	**217**		**1,523**
Depreciation and amortisation	**(843)**	**(466)**	**(1,340)**	**(260)**		**(2,909)**
Balance sheet						
Assets						
Segment assets	**68,197**	**29,301**	**40,665**	**6,723**		**144,886**
Unallocated assets						**120**
Consolidated total assets						**145,006**
Liabilities						
Segment liabilities	**7,082**	**4,938**	**6,291**	**1,167**		**19,478**
Consolidated total liabilities						**19,478**

Year ended	Branded	Branded	OEM	Bulk	Eliminations	Consolidated

31 December 2015	Direct	Distributed		Materials		
	£'000	£'000	£'000	£'000	£'000	£'000
Revenue						
External sales	22,344	14,631	27,674	3,946	-	68,595
Inter-segment sales				826	(826)	-
Total revenue	22,344	14,631	27,674	4,772	(826)	68,595
Result						
Segment result	5,235	4,366	7,139	814	-	17,554
Unallocated expenses						(513)
Profit from operations						17,041
Finance income						73
Finance costs						(118)
Profit before tax						16,996
Tax						(2,877)
Profit for the year						14,119

At 31 December 2015	Branded Direct	Branded Distributed	OEM	Bulk Materials		Consolidated
Other Information	£'000	£'000	£'000	£'000		£'000
Capital additions:						
Software intangibles	111	15	333	13		472
Development	102	67	200	4		373
Property, plant and equipment	730	332	663	182		1,907
Depreciation and amortisation	(855)	(431)	(1,309)	(217)		(2,812)
Balance sheet						
Assets						
Segment assets	57,264	20,913	32,874	5,347		116,398
Unallocated assets						165
Consolidated total assets						116,563
Liabilities						
Segment liabilities	5,353	2,888	3,930	735		12,906
Consolidated total liabilities						12,906

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 sales by geographical market, irrespective of the origin of the goods/services, based upon location of the Group's customers:

Year ended 31 December	**2016**	2015
	£'000	£'000
United Kingdom	**17,457**	16,657
Germany	**18,345**	13,371
Europe excluding United Kingdom and Germany	**21,360**	19,223
United States of America	**23,505**	17,766
Rest of World	**1,954**	1,579
	82,621	68,596

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

As at 31 December	**2016**	2015
	£'000	£'000
United Kingdom	**80,580**	62,785
Germany	**59,950**	50,592
Europe excluding United Kingdom and Germany	**3,962**	3,060
United States of America	**514**	126
	145,006	116,563

5. Profit from operations

Year ended 31 December	**2016**	2015
	£'000	£'000
Profit from operations is arrived at after charging:		
Depreciation of property, plant and equipment	**1,898**	1,754
Amortisation of:		
- acquired intellectual property rights	**242**	367
- software intangibles	**329**	289
- development costs	**441**	410
Operating lease rentals - plant and machinery	**253**	250
- land and buildings	**917**	896
Research and development costs expensed to the income statement	**2,276**	1,817
Cost of inventories recognised as expense	**34,132**	27,836
Staff costs	**24,846**	20,500
Net foreign exchange loss	**1,271**	391

6. Taxation

Year ended 31 December	2016	2015
	£'000	£'000
a) **Analysis of charge for the year**		
Current tax:		
Tax on ordinary activities – current year	**3,180**	1,743
Tax on ordinary activities – prior year	**(358)**	58
	2,822	1,802
Deferred tax:		
Tax on ordinary activities – current year	**599**	1,055
Effect of reduction in UK corporation tax rates	**(11)**	20
	588	1,075
Tax charge for the year	**3,410**	2,877

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	2016	2015
	£'000	£'000
b) **Factors affecting tax charge for the year**		
Profit before taxation	**19,102**	16,996
Profit multiplied by the weighted average group tax rate of 22.11% (2015:22.35%)	**4,224**	3,798
Effects of:		
Net expenses not deductible for tax purposes and other timing differences	**50**	43
Depreciation for period less than capital allowances	**(31)**	(1)
Patent Box Relief	**(203)**	(438)
Utilisation and recognition of trading losses	**(242)**	(269)
Research and development relief	**(183)**	(324)
Share-based payments	**(47)**	10
Adjustments in respect of prior year - current tax	**(359)**	58
Adjustments in respect of prior year and rate changes - deferred tax	**201**	-
Taxation	**3,410**	2,877

7. Earnings per share

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

Year ended 31 December	**2016**	2015
	£'000	£'000
Earnings		
Profit for the year attributable to equity holders of the parent		
Pre exceptional items	**16,053**	14,119
Post exceptional items	**15,692**	14,119
Number of shares	**'000**	'000
Weighted average number of ordinary shares for the purposes of basic earnings per share	**209,815**	208,376
Effect of dilutive potential ordinary shares: share options, deferred share bonus, LTIPs	**2,778**	2,902
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**212,593**	211,278

	2016	2015
	£'000	£'000
Profit for the year attributable to equity holders of the parent	**16,053**	14,119
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	**242**	367
Adjusted profit for the year attributable to equity holders of the parent	**16,295**	14,486

	2016	2015
	pence	pence
Basic - pre exceptional	**7.65p**	6.78p
Basic - post exceptional	**7.48p**	6.78p
Diluted - pre exceptional	**7.55p**	6.68p
Diluted - post exceptional	**7.38p**	6.68p
Adjusted basic	**7.76p**	6.95p
Adjusted diluted	**7.66p**	6.86p