



PLANT HEALTH™

— C A R E —



We are a leading provider of proprietary agricultural biological products and technology solutions focused on improving crop performance.

ANNUAL REPORT & ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2015



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Plant Health Care is a leading provider of proprietary agricultural biological products and technology solutions focused on improving crop performance. The Company's ordinary shares have been quoted on the AIM market of the London Stock Exchange since July 2004 (ticker symbol: PHC).



Directors and advisers

Directors	Dr. Christopher G. J. Richards <i>Executive Chairman</i> Paul M. Schmidt <i>Chief executive</i> Dr. Richard H. Webb <i>Executive director</i> Michael J. Higgins <i>Senior independent director</i> James L. Ede-Golightly <i>Non-executive director</i> William M. Lewis <i>Non-executive director</i>
Secretary	Andrew C. Wood FCIS
Registered office	48 Chancery Lane London WC2A 1JF
Company number	05116780
Broker and nominated adviser	Liberum Capital Limited Ropemaker Place 25 Ropemaker Street London EC2Y 9LY
Auditor	BDO LLP 55 Baker Street London W1U 7EU
Company solicitor	Michelmores LLP 48 Chancery Lane London WC2A 1JF
Registrar	Neville Registrars Limited Neville House 18 Laurel Lane Halesowen West Midlands B63 3DA

In this document, references to “the Company” are to Plant Health Care plc. References to “Plant Health Care”, “the Group”, “we” or “our” are to Plant Health Care plc and its subsidiaries and lines of business, or any of them as the context may require. The Plant Health Care name and logo, Myconate, ProAct, and N-Hibit and other names and marks appearing herein and on company literature are trade marks or trade names of Plant Health Care. All other third party trade mark rights are acknowledged.

Chairman's letter

Overview

Plant Health Care is a leading provider of proprietary agricultural biological products and technology solutions focused on improving crop performance.

This has been a year of strong commercial sales growth in a difficult market as well as accelerated progress in the Company's innovation. We report here separately the two areas of focus for the business: 1. New Technology (renamed from Bio-stimulant Discovery and Development); and 2. Commercial. We are now organised in these two lines of business and report our Commercial business in three geographic segments – Americas, Mexico and Rest of World. We report our New Technology business in a single segment.

We have also included this year a much more detailed explanation in the Strategic report of our products, the areas we are focusing on in New Technology and also our industry. We hope this will help our shareholders better understand the exciting opportunities available to us.

New Technology

New Technology is focused on the discovery and early development of novel proprietary biological solutions using the Group's PREtec platform (PREtec signifies Plant Response Elicitor technology). Our Group continues to invent and seek patent protection for new technologies developed using its PREtec platform; these new technologies will mainly be developed into final products in partnership with major industry players, who will be responsible for commercialising them, while we plan to preserve the ability to develop and commercialise these peptides in specialty crops ourselves.

New Technology made remarkable progress during the year, under the leadership of our Chief Science Officer ("CSO"), Dr. Zhongmin Wei. Our first family of PREtec peptides, Innatus 3G, was presented to six potential major industry partners in the latter part of 2014. We expect that Innatus 3G will permit the development of customisable products that will be compatible with agrochemicals and complementary to existing agricultural practices. During 2015, we were delighted to report that four of those six companies signed agreements to evaluate the technology. We are now intensively engaged with these partners, who are showing increasing excitement about the potential of the Innatus 3G family.

In parallel, we are presenting our evaluation partners with further data on products derived from Innatus 3G. We completed our third year of field trials in corn with Innatus 3G. This included one peptide variant with three years of field trial data delivering an average yield increase of 9.6 bushels per acre when applied as a seed treatment compared with industry standard treatments alone, with a win rate of 79%, with data from 19 of 20 sites analysed to date. This investment in our own data is helping to stimulate our partners to investigate the potential of Innatus 3G.

Our laboratory in Seattle has also made great strides in revealing a pipeline of PREtec technology beyond Innatus 3G. During 2016, further trial data will be generated and assessed. Assuming positive results, during the 2017 to 2018 time period, we intend to proceed with out-licensing Innatus 3G on a crop and geographic basis. In addition to Innatus 3G, we have identified other peptide families using PREtec with very promising early results that we intend to continue to evaluate internally, aiming to advance additional peptide families to the advanced development stage over the next several years.



Chairman's letter *continued*

Reflecting the speed of progress in New Technology, we have increased substantially our investment in research and development ("R&D"). In 2015, we invested \$4.1 million in R&D, an increase of 101% over 2014. The New Technology team in Seattle now numbers 14 and we moved into larger, customised laboratory premises during the year. We have devoted considerable resources to our intellectual property and are confident that we are building effective protection around our technology.

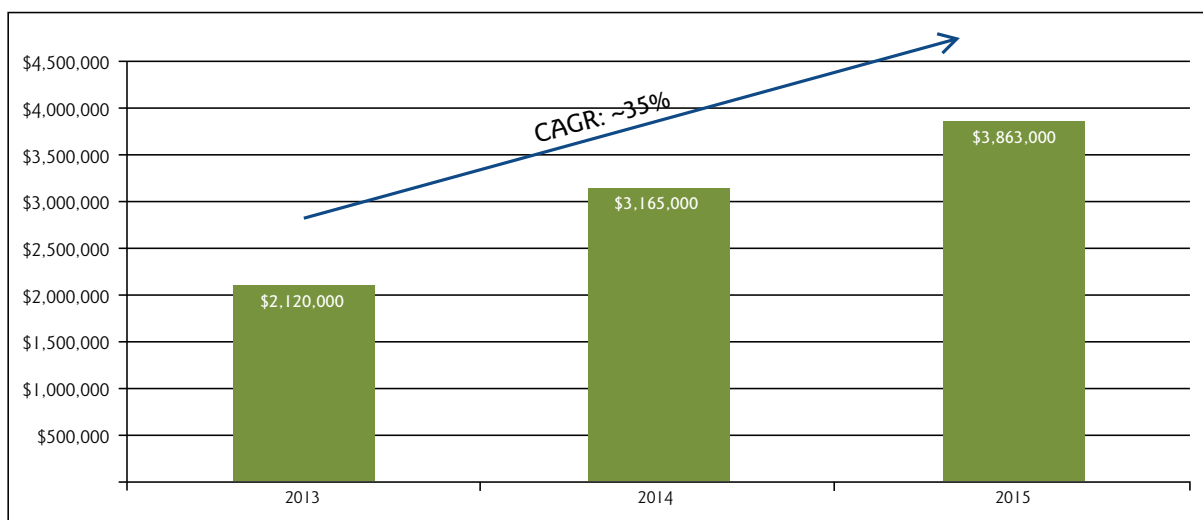
Commercial

Our Commercial business sells our proprietary products worldwide through distributors and distributes complementary third-party products in Mexico. Commercial continues to expand the registration of commercial products and management of channels to market. Commercial is currently focused on driving sales of Harpin and Myconate around the world, both directly and with value chain partners. We believe that our achievement of a product registration in Brazil will result in traction for Harpin in the largest agricultural market in the world from 2016 onwards. The Commercial team has been strengthened during 2015, to drive further growth as we continue to expand our geographical focus in key markets by identifying capable distribution partners to extend our reach.

Overall total sales grew by 9% (15% in constant currency) despite headwinds in the agricultural market. Sales in the Americas were strong and grew by 24%. Mexico represented some 47% of the Group's sales. Sales denominated in the Mexican peso increased by 7.2 million but, due to the continued devaluation of the peso, sales in US dollars showed a slight decrease. Our proprietary products now represent 60% of our sales, which has helped to increase gross margin further to 62%. Careful control of costs and of working capital ensured that we finished the year with a net loss and cash balances broadly in line with expectations.

Strong momentum is now building in the sales of Harpin-based products, which experienced a compound annual growth rate ("CAGR") of 35% from 2013 to 2015, excluding up-front payments, as shown in the graph below. This steady growth is now under-pinned by a growing network of strong distribution partners, committed to the market development efforts which are required for sustained sales growth of Harpin products.

Harpin revenue



Chairman's letter *continued*

Board changes

Given the exciting expectations for the Group, the Board requested me to take a more active role in developing strategy and in investor relations. I, therefore, became Executive Chairman with effect from 1 April 2015. My role is to support Paul Schmidt and the management team, who are responsible for all aspects of implementation.

In January 2015, Dr. Richard H. Webb, formerly a non-executive director, became an Executive Director. Dr. Webb is responsible for supporting our CSO, Dr. Zhongmin Wei, as we continue to expand our investment in our New Technology programme.

James Ede-Golightly joined the Audit Committee on 16 January 2015 and, in conjunction with taking on the role of Executive Director, Dr. Webb stepped down from the Audit Committee after last year's AGM.

With effect from 1 April 2015, William ("Bill") M. Lewis joined the Company as a non-executive director.

The relevant experience and background of each member of the Board is set out on pages 14 and 15.

Outlook

Agriculture markets in general are much less buoyant than in previous years, driven by lower commodity prices. However, we believe that growers in key markets will continue to adopt agricultural biological products which increase their productivity. Based on various reports, we believe the global biologicals market in 2015 was over \$2.5 billion, with an expected compound annual growth rate of approximately 10% from 2015 to 2020. We are optimistic with respect to the growth prospects for Harpin $\alpha\beta$. The positive response of our evaluation partners to early results with Innatus 3G is an enormously encouraging signal of the potential of PREtec.

Plant Health Care is now well established on the new direction which Paul Schmidt and I set out for the Group in 2013. The progress in advancing our PREtec platform and commercialising our proprietary products during 2015 was strong, and we confidently expect further progress during 2016 as we build upon our position as a leader in the agricultural biologicals marketplace.

In closing, I would like to thank the entire Plant Health Care team for all their hard work during the year. Strong results come from great people, working towards shared goals. Paul Schmidt has built an impressive team, in which I have the greatest confidence.

Dr. Christopher Richards
Executive Chairman

8 April 2016



Strategic report

We are a leading provider of proprietary agricultural biological products and technology solutions focused on improving crop performance by activating a growth response and bolstering plant defence mechanisms against both abiotic stresses, such as drought and extreme temperatures, and biotic stresses, such as weed encroachment or pest infestation. We are now organised in two lines of business: New Technology and Commercial.

Our New Technology business focuses on the advancement of our proprietary Plant Response Elicitor technology platform, or PREtec, to develop and provide more rapid commercialisation of small strands of amino acids, or peptides, which we intend to out-license. We are currently focused on commercialising this technology by partnering with leading agriculture companies to accelerate its adoption in key geographic and crop markets. PREtec enables the custom design and creation of peptides to achieve targeted responses in specific crops. These include improving a plant's ability to grow efficiently, increasing its yield, bolstering its responses to stresses such as drought and enhancing its resistance to external factors, such as diseases and certain pests in both row and specialty crops. Currently, four of the six largest global agriculture companies are evaluating Innatus 3G, our first peptide family developed from PREtec. We report our New Technology business in a single segment.



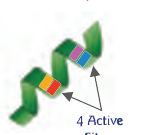

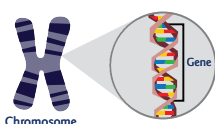
Our Commercial business focuses on selling proprietary biological products that are applied to soil, seeds or plants to improve the plant's health and yield by enhancing its physiological processes. Our proprietary products are primarily categorised as biofertilisers and biostimulants, which we believe are the most rapidly growing segments in the biological industry. Our current product portfolio is mainly based on our proprietary Harpin technology, which is proven to trigger growth and self-defence mechanisms within plants to drive better performance. Through field trials we have commissioned or through those conducted by our distributors, we have demonstrated results in a number of crops: our second generation Harpin $\alpha\beta$ products have created yield increases of approximately 3% to 5% in US corn and soybeans while improving plant growth, resistance to abiotic stress and protection against certain pathogens. Our products are complementary to and compatible with existing crop protection products and methods, promoting further adoption.

Our Commercial business sells our proprietary products worldwide through distributors (which accounted for 60% of our revenues in 2015) and distributes complementary third-party products (which accounted for 40% of our revenues in 2015) in Mexico. Our proprietary products have treated millions of acres to date across multiple significant, global agricultural markets, including the United States of America ("United States" or "US"), Mexico and Europe. We report our Commercial business in three geographic segments – Americas (which accounted for 35% of our revenues in 2015), Mexico (which accounted for 47% of our revenues in 2015) and Rest of World (which accounted for 18% of our revenues in 2015).

The Board believes that our innovative and value-added line of biological products helps satisfy the growing global demand for efficient, effective and environmentally-responsible products to increase crop yields and overall plant health. We have screened, identified and developed our novel biological products and technologies and validated their efficacy in improving plant health leading to higher yields. Through our significant investment in research and development, we have a scientific-based understanding of our products' mode of action (the functional change that occurs at the cellular level), which enables us to design and produce a diverse range of protein-based biologicals to provide significant value for growers. The chart below illustrates our technology progression.

Strategic report *continued*

Technology progression

Technology	Harpin	PREtec	
Generation	1G, 2G	3G – Biologicals	4G – Genetics
Products	1G: Natural protein MessengerSTS 2G: Recombinant protein 	<ul style="list-style-type: none"> Multiple families of synthetic peptides First family (Innatus 3G) - in advanced development phase Further families – in early development phase 	<ul style="list-style-type: none"> Genetic traits - in proof of concept phase Further discovery - in progress
Overview	<ul style="list-style-type: none"> Large proteins Stimulate plant growth and defense <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> <p>1G</p>  <p>Active Site</p> </div> <div style="text-align: center;"> <p>2G (up to 10 times more active than 1G)</p>  <p>4 Active Sites</p> </div> </div>	<ul style="list-style-type: none"> Short synthetic peptides Customisable to stimulate specific responses Compatible with standard agricultural inputs 	<ul style="list-style-type: none"> DNA inserted into the plant's genome to express the peptides Modulates plant physiology 
	Commercial <i>Sales and licenses</i>	Evaluation phase	Proof of concept <i>Discovery</i>

Our products and technologies

Harpin $\alpha\beta$

Our Harpin $\alpha\beta$ products are well established in both the seed and foliar treatment markets and can be used to treat over 40 different types of crops. We currently focus on products that treat row crops as well as high-value specialty crops. We have three principal Harpin $\alpha\beta$ products: N-Hibit, a seed treatment application for row crops; ProAct, a foliar application for row crops; and Employ, a foliar application for specialty crops. Each of these products can be applied in conjunction with conventional agrochemicals or seed treatments. During the year ended 31 December 2015, we derived 45% of our revenues from our Harpin $\alpha\beta$ products, for which we have a number of current patents that expire between 2017 and 2027.

Myconate

Our Myconate product is a soil treatment that increases colonisation of roots by over 50%, aiding early-stage plant growth and important nutrient access. This essentially provides the plant with a larger root system so that it can grow under conditions that normally would inhibit growth, such as drought, nutrient deficiency, chemical residues and soil salinity. Myconate is available in powder and liquid forms and can be applied effectively as a seed coating, an in-furrow application or mixed with fertiliser. During the year ended 31 December 2015, we derived 6% of our revenues from our Myconate products, for which we have a number of current patents that expire between 2018 and 2031.



Strategic report *continued*

PREtec

Our PREtec platform identifies families of peptides that provide crop treatment options for growers that are complementary to existing agricultural technologies and practices. Our PREtec peptides may be designed to stimulate specific desired responses in the plant such as improved yield, vigour and resistance to biotic and abiotic stresses. Through our PREtec platform, we have screened hundreds of peptide variants and have engaged in greenhouse and field testing for dozens of promising novel peptides. As shown in the chart below, we currently have three 3G peptide families in various development phases, and 4G platforms are in the early stages of development. We presented our first family of novel peptides, Innatus 3G, to six major participants in the agriculture industry and four of these companies are currently evaluating it internally. We expect that our 3G peptide families will be customised and combined with standard crop protection applications through both seed treatment and foliar applications to improve plant health. We are in the early stages of development of our 4G peptide platforms, the first of which we anticipate enabling the incorporation of peptides into a plant's genome so that the plant will be able to express these peptides internally.

PREtec platform		Phase 1	Phase 2	Phase 3	Phase 4	Phase 5	Phase 6
		<i>Discovery</i>	<i>Proof of concept</i>	<i>Early development</i>	<i>Advanced development</i>	<i>Pre-launch</i>	<i>Commercial</i>
Biologicals	Innatus 3G family	Complete	Complete	Complete	In progress	In progress	
	2nd 3G family	Complete	Complete	In progress	In progress		
	3rd 3G family	Complete	Complete	In progress			
Genetics	1st 4G platform	Complete	In progress				
	2nd 4G platform	In progress					

Complete
 In progress

Our growth strategy

Our future growth will be achieved by focusing on the following key areas:

- *Increasing sales of existing commercial products.* We intend to drive near-term revenue growth in our Commercial business to more fully address our opportunities in the agricultural market. We are increasing our focus on specialty crop markets (such as fruits and vegetables) to complement the position we have gained in row crop markets. We plan to continue to grow our geographical expansion in key markets by identifying capable distribution partners to extend our reach.
- *Expanding market for existing products through additional product registrations.* We intend to continue to build upon our strong portfolio of registered products by pursuing additional market approvals for Harpin αβ and Myconate. Harpin αβ is approved for use in 13 countries, and Myconate is approved for use in 11 countries. We have applied for further registrations to expand our market access to countries such as Germany, Italy, Argentina and Canada.
- *Continuing to execute on out-licensing business model with Innatus 3G.* Our development progress over the past two years positions us to successfully bring Innatus 3G to market through a capital-efficient out-licensing model. We have entered into agreements with four major players in the agriculture industry to evaluate Innatus 3G.

Strategic report *continued*

- *Accelerating PREtec peptide technologies.* Through our targeted development work, we have identified several additional families of PREtec peptides. We are aiming to introduce up to three more families of PREtec peptides within the next two to three years.
- *Pursuing strategic collaborations and acquisitions.* We believe we are well positioned for strategic collaborations or acquisitions in the agricultural biological industry as a result of our science-based technology approach, our access to growers and distributors through our existing commercial platform and our management team's extensive experience.

Our industry

The global agriculture industry is facing increasing demand for products and technologies that effectively and cost-efficiently improve crop yield and quality. This increasing demand is being primarily driven by a rising global population and an expanding middle class in certain regions. The Food and Agriculture Organization of the United Nations estimates that the global population will reach 7.8 billion by 2020, an increase of 5.6% from 7.3 billion today, and arable land per capita has decreased from 0.41 hectares per person in 1962 to 0.20 hectares per person in 2012. The Organisation for Economic Co-operation and Development estimates that the global middle class population was 1.8 billion people in 2009 and projects it will grow to 3.2 billion people by 2020 and reach 4.9 billion people by 2030.

To meet these demands, agrochemical, agricultural biotechnology and other agriculture companies continually seek to offer new solutions for improving the health and vitality of crops worldwide. For the past several decades, these solutions have come primarily through advances in conventional plant breeding, screening or genetic modification of seeds to produce crops with desired traits, fertilisers to promote plant growth and herbicides and insecticides, nematicides and fungicides to reduce or eliminate external threats. More recently, as agrochemical innovation and usage has started to plateau, the development of biological solutions has started to play an increasing role in meeting growers' needs. As the effectiveness of biological solutions has approached and, in some cases, surpassed more conventional solutions, biologicals will play an increasingly important role in providing a solution to crop yield and quality demands from growers.

Biological products offer multiple benefits to the agriculture industry:

- *Protection from abiotic stress.* Whereas conventional crop protection products typically focus on biotic stresses, biological products generally improve a plant's tolerance to both biotic and abiotic stresses.
- *Integrated crop management.* Since biological products can be complementary to existing agrochemical products and genetically modified seeds, they enable growers to improve the return on their investment while pursuing an integrated approach to crop management.
- *Reduced time and cost to market.* In general, biological products take less time to reach the market than agrochemical products or genetically modified seeds due to reduced regulatory burdens. Furthermore, due to complex and lengthy regulatory pathways, it is estimated that biological products cost far less to develop than conventional chemical pesticides or genetically modified traits.
- *Safe and sustainable.* Biological products are generally safer for workers to handle and generally pose a reduced hazard to beneficial organisms on or near the treated plants.



Strategic report *continued*

Biological products and technologies represent a highly innovative and rapidly growing sector of the agriculture industry. Based on various reports, we believe the global biologicals market in 2015 was over \$2.5 billion, with an expected compound annual growth rate of approximately 10% from 2015 to 2020. This is a substantially higher rate than the expected compound annual growth rate for global agrochemicals of approximately 3 to 5% from 2015 to 2020. Adoption rates for agricultural biologicals are expected to be highest in the United States, Europe and South America, where growers are typically further ahead of those in developing countries with respect to agricultural innovation.

Financial summary

A summary of the financial results for the twelve months to 31 December 2015, with comparatives for the previous financial year, is set out below:

	2015	2014
	\$'000	\$'000
Revenue	7,508	6,880
Gross profit	4,683	3,501
Operating loss	(7,776)	(6,077)
Finance income (net)	93	116
Net loss for the year	(7,720)	(6,130)

Revenues in 2015 increased by 9% to \$7.5 million (2014: \$6.9 million) as a result of a \$1.5 million increase in Harpin product sales to two customers, partially offset by decreased Harpin product sales of \$1.0 million to a single customer. The gross margin increased to 62% of sales in 2015, compared to 51% in 2014. The increase is attributable to lower unit costs due to more favourable manufacturing costs of our proprietary Harpin products.

Operating expenses increased to \$12.5 million from \$9.6 million. Expenditure within R&D increased \$2.1 million to \$4.1 million in 2015 (2014: \$2.0 million). The increase was due to the hiring of additional research and development staff, higher patent expenses and increased contract research costs. The Group expects that our R&D costs will further increase as we continue to invest in the development of our PREtec platform.

In addition, we have set out in Note 9 the separate category of expenditure relating to Business Development, which increased slightly to \$1.2 million in 2015 (2014: \$1.0 million). This relates to expenditures for field trials with existing and potential customers and other costs relating to customer support, market research and the negotiation of commercial agreements.

Unallocated corporate expenses increased to \$2.0 million (2014: \$1.4 million).

Cash and investments at 31 December 2015 amount to \$8.4 million (2014: \$16.7 million).

Key performance indicators (“KPIs”)

The Group uses a range of performance measures to monitor and manage the business effectively. These are both financial and non-financial. The most significant relate to Group financial performance and to the Group's progress in driving the two pillars of its strategy.

Strategic report *continued*

The KPIs for financial performance of the Commercial area and for the Group as a whole include revenue, gross profit and margin, and operating profit/loss. These KPIs indicate the volume of work the Group has undertaken, as well as the efficiency with which this work has been delivered.

The KPIs for financial performance for the year ended 31 December 2015, with comparatives for the year ended 31 December 2014, are set out below;

	2015	2014
Revenue (\$'000)	7,508	6,880
Gross profit (\$'000)	4,683	3,501
Gross profit margin (%)	62.4	50.9
Operating loss (\$'000)	(7,776)	(6,077)

In addition, an important KPI is the increase in revenue achieved from the sale of our proprietary products. These increases are shown below, separating out the product revenue from the receipt of license/milestone payments and other one-off payments, which are less predictable and tend to distort the product sales growth.

Proprietary sales (excluding licensing revenue)

	2015	2014
	\$'000	\$'000
Americas	2,278	1,821
Mexico	643	563
Rest of World	1,364	1,240
Total	4,285	3,624

The KPIs for non-financial performance relate to the Group's technologies and include the number and nature of contracts realised with partners, and progress along the mutually agreed paths to commercial launch of products.

The Board continues to monitor the progress of its R&D activities and expenditures. As each research project advances, specific progress is reported to the Board and costs against budget are monitored. We anticipate refining the KPIs for R&D as each project develops.

In addition, the Business Development activities of the Group are assessed against our success in developing specific evaluation and commercial arrangements with third parties for the exploitation of our proprietary products.

Principal risks and uncertainties

Our business is subject to a number of potential risks and uncertainties, including those listed below. The occurrence of any of these risks may materially and adversely affect our business, financial condition, results of operations and future prospects. We manage and mitigate these risks by executing on the strategy described above.



Strategic report *continued*

Financial and liquidity risk

- We have a history of losses since inception, anticipate continuing to incur losses in the future and may not achieve or maintain profitability.
- We expect to require additional financing in the future and may be unable to obtain such financing on favourable terms or at all, which could force us to delay, reduce or eliminate our research, development or commercial activities.

Technology and commercialisation risk

- Our PREtec development and out-licensing strategy is in an early stage and may not be successful.
- We are subject to risks relating to product concentration due to the fact that we derive substantially all of our revenues from our Harpin αβ and Myconate product lines and from the sale of third-party products.
- We may be unable to establish or maintain successful relationships with third-party distributors and retailers, which could materially and adversely affect our sales.
- We have a limited number of sales and marketing personnel and will need to expand our sales and marketing capabilities to grow revenues from our commercial products.
- We may be unable to obtain adequate protection for the intellectual property covering our new technology and product candidates or develop and commercialise these product candidates without infringing on the intellectual property rights of third parties.

Regulatory and legal risk

- If we are unable to obtain regulatory approvals, or to comply with ongoing and changing regulatory requirements, it could delay or prevent sales of our commercial products or impede the development of potential products.
- If we use PREtec in trait development, our technologies and product candidates will face more stringent regulatory regimes.
- If we are unable to comply with regulations applicable to our facilities and procedures and those of our third-party manufacturers, our research and development or manufacturing activities could be delayed, limited or prevented.

Credit risk

- The majority of our net sales are credit sales that are made primarily to customers whose ability to pay is dependent, in part, upon the economic strength of the industry and geographic areas in which they operate, and the failure to collect or timely collect monies owed from customers could materially and adversely affect our financial condition.

Personnel

- Our future growth and ability to compete depend on retaining our key personnel and recruiting additional qualified personnel.

Strategic report *continued*

Financial instruments

The Group uses various financial instruments, including equity, cash, short-term investments of investment grade notes and bonds, and items such as trade receivables and trade payables that arise directly from its operations.

Information on the risks associated with the Group's involvement in financial instruments is given in Note 19 to the financial statements.

On behalf of the Board

Paul Schmidt
Chief Executive

8 April 2016



Directors

Dr. Christopher G. J. Richards

(Executive Chairman)

Dr. Richards joined the Company as non-executive Chairman in August 2012. He became Executive Chairman in April 2015 to take on a more active role in investor relations and in developing strategy, particularly the focus on New Technology. Dr. Richards spent 20 years at Syngenta and its predecessor companies in various strategic management positions in South America, Europe and Asia. In November 2003, he was appointed COO of Arysta LifeScience, and he served as CEO from 2004 until 2010, leading Arysta LifeScience's transformation into a global agrochemical company with sales above \$1.6 billion. He also served as a director of Arysta LifeScience from 2003 to 2015. He serves on the board of directors of Dechra plc, an international specialist veterinary pharmaceuticals business, Cibus Global Ltd., a precision gene editing company focused on non-transgenic crop breeding, Origin Enterprises plc, a service provider to farmers for food production solutions, and Nanoco Group plc, a technology company carrying out research, development and commercialisation of products based on heavy-metal free quantum dots.

Paul M. Schmidt

(Chief Executive Officer)

Paul Schmidt has served as Chief Executive Officer and a member of the Board since April 2013. Mr. Schmidt has extensive operational experience in the agriculture industry, having served most recently as President of Merck/EMD Crop Bioscience, a leading developer of natural plant health products, where he led a turnaround that resulted in substantially increased sales and profit. In February 2011, he oversaw the sale of the business to Novozymes for \$275 million. Mr. Schmidt served in senior roles in the United States, Germany and Canada during 25 years with Bayer CropScience and its predecessor companies, most recently as Vice President and

Global Head of New Business Ventures where he had responsibility for developing new business opportunities in the areas of nutrition, health and biomaterials. Mr. Schmidt graduated from the University of Saskatchewan with a BSA in Agronomy in 1980. He is a member of the board of directors of Alberta Innovates BioSolutions (Province of Alberta Corporation), a research agency funded by the Government of Alberta that works to grow prosperity in Alberta's agriculture, food and forestry sectors.

Michael J. Higgins

(Senior independent director)

Michael Higgins joined the Company in May 2013 as senior independent director and Chair of the Audit Committee. He also serves as a member of the Remuneration Committee. He currently serves as non-executive chairman of Ebiquity plc, an independent marketing analytics company, a non-executive director of Arria NLG plc, a software development business, a non-executive director of Progility plc, a project management services group, and chairman of the Quoted Companies Alliance, a non-profit organisation dedicated to helping small to mid-sized publicly traded companies grow. He is also a member of the Panel on Takeovers and Mergers as the appointee of the Quoted Companies Alliance. Mr. Higgins was a partner at KPMG for 10 years and subsequently served as a senior adviser at KPMG. Prior to KPMG, Mr. Higgins was a director at Charterhouse Bank, worked at Saudi International Bank and qualified as an accountant with Price Waterhouse (now PricewaterhouseCoopers).

Directors *continued*

James L. Ede-Golightly

(Non-executive director)

James Ede-Golightly joined the Company as a non-executive director in June 2013. He is Chair of the Remuneration Committee and a member of the Audit Committee. He currently serves as chairman of East Balkan Properties plc, an investment company focused on commercial property in the Balkan region, chairman of Quoram Plc, an investment company, chairman of Cronin Group plc, an AIM-listed technology company, as a director of ORA Limited (Jersey), a private equity firm, and as non-executive director of Gulfsands Petroleum, an independent oil and gas exploration and production company. In 2006, he co-founded ORA Capital Partners, and he previously served as an analyst at Merrill Lynch Investment Managers and Commerzbank. He is a CFA Charterholder and Chartered Director.

William M. Lewis

(Non-executive director)

William Lewis joined the Company as a non-executive director in April 2015. Since June 2014, Mr. Lewis has served as President and CEO of Summit Agro USA, LLC, a joint venture agrochemicals business between Sumitomo Corporation and ISK Biosciences. He previously held senior roles within Arysta LifeScience, Syngenta Crop Protection and Zeneca/ICI.

Dr. Richard H. Webb

(Executive director)

Dr. Webb joined the Company in September 2013 as a non-executive director. In January 2015, he was appointed an executive director, responsible for supporting the Chief Science Officer, Dr. Zhongmin Wei, as the Company continues to expand its research and development capability. He was previously engaged by the Company as a consultant, contracted through StepOut Ltd., a consultancy business he founded in 1995. In this capacity, between 2012 and 2014, he was instrumental in the development of the Company's new business strategy and its current New Technology programme. He previously held various positions at Imperial Chemical Industries and its spinout Zeneca Agrochemicals, including responsibilities for managing laboratory discovery and field development programmes for its public health pesticide business. His doctorate, in pest biology, was from the London School of Hygiene & Tropical Medicine.



Board committees

The principal standing committees appointed by the Board are as follows:

Audit Committee

The Audit Committee is chaired by Michael Higgins. In January 2015, James Ede-Golightly was added as a member of the Committee. Subsequently, at the end of the 2015 AGM, Dr. Webb, who had taken on executive responsibilities in January 2015, stepped down, having been a member of the Committee since September 2013. The Audit Committee is made up solely of independent non-executive directors.

The Committee provides a forum for reporting by the Group's auditor and reviews the Group's budget and its interim and final financial statements before their submission to the Board. The Committee also monitors the Group's risk management and internal control practices and reports to the Board on these. The Committee advises the Board on the appointment of the external auditor and on its remuneration, both for audit and non-audit work. It also discusses the nature and scope of the audit with the auditor.

The Audit Committee has sole responsibility for assessing the independence of the external auditor, BDO LLP. Each year, the Committee seeks reassurance that the external auditor and its staff have no family, financial, employment, investment or business relationship with the Group. The Committee requires the external auditor and its associates to confirm this in writing, and detail the procedures which the auditor has carried out in order to make this confirmation. The Committee also ensures that all partners engaged in the audit process are rotated at least every five years, and assesses the likely impact on the auditor's independence and objectivity before awarding it any contract for additional services. It is Group policy to require Audit Committee approval for all non-audit services provided by the independent auditor.

The consideration of auditor independence is a standing agenda item at each Audit Committee meeting.

Remuneration Committee

The members of the Remuneration Committee are James Ede-Golightly (Chairman) and Michael Higgins. The Remuneration Committee's responsibilities include the following:

- reviewing and approving, or making recommendations to the Board with respect to, the compensation of the executive directors and senior management;
- overseeing an evaluation of senior management; and
- overseeing and administering the Company's employee share option scheme and equity incentive plans in operation from time to time.

The Remuneration Committee report is set out on pages 20 to 26.

Corporate governance

Plant Health Care plc has taken note of the UK Corporate Governance Code (“the UK Code”) published in September 2014. The UK Code and associated guidance can be found on the Financial Reporting Council website at www.frc.org.uk/corporate/ukcgcode.cfm. The rules of the London Stock Exchange do not require companies that have securities traded on AIM to formally comply with the UK Code and the Company does not seek to formally comply nor give a statement of compliance. However, the Board is accountable to the Company’s shareholders for good governance and has sought to apply those principles of corporate governance commensurate with the Company’s size.

The Company’s approach is set out below:

Board composition

The Board currently comprises an executive Chairman, two executive directors and three non-executive directors. The Board considers all of the non-executives to be independent in judgment and character.

Biographies of the Board members appear on pages 14 and 15. These indicate the high levels and range of business experience which is essential to oversee effectively a business of the size, complexity and geographical spread of the Group. Concerns relating to the executive management of the Group or the performance of the directors can be raised in confidence by contacting the senior independent director, Michael Higgins, through the Company Secretary.

Board committees

The Board has established audit and remuneration committees, as described on page 16. No separate nominations committee has been established. A Nominations Working Group comprised of non-executive directors provides advice and guidance on

the selection of candidates; the full Board acts as a nominations committee when changes to the Board of directors are proposed.

Workings of the Board

The Board meets on a pre-scheduled basis at least six times each year and more frequently when required. The Board has a schedule of matters reserved to it for decision and the requirement for Board approval on these matters is communicated widely throughout the senior management of the Group. The schedule includes matters such as: approval of the Group’s strategic plan; extension of the Group’s activities into new business or geographic areas; any decision to cease to operate all or any material part of the Group’s business; changes relating to the Group’s capital structure; contracts that are material strategically or by reason of size; investments, including the acquisition or disposal of interests in the voting shares of any company or the making of any takeover offer; and the prosecution, defence or settlement of litigation material to the Group.

There is an agreed procedure for directors to take independent professional advice, if necessary, at the Company’s expense. This is in addition to the access which every director has to the Company Secretary, who is charged by the Board with ensuring that Board procedures are followed.

The differing roles of Chairman and Chief Executive are acknowledged. The key functions of the Chairman are to conduct Board meetings and meetings of shareholders and to ensure that all directors are properly briefed in order to take a full and constructive part in Board discussions. The Chief Executive is required to develop and execute business strategies and processes to enable the Group’s business to meet the requirements of its shareholders. The senior independent director acts as a point of contact for shareholders and other stakeholders with concerns which have failed to be resolved, or would not be



Corporate governance *continued*

appropriate to be addressed, through the normal channels of the Chairman or Chief Executive. The senior independent director also meets with the other members of the Board without the Chairman present on at least an annual basis in order to evaluate and appraise the performance of the Chairman.

To enable the Board to function effectively and allow directors to discharge their responsibilities, full and timely access is given to all relevant information. In the case of Board meetings, this consists of a comprehensive set of papers, including regular business progress reports and discussion documents regarding specific matters. All Board members engage actively with management to provide support in their areas of specific competence; this provides ample opportunity for non-executive directors to understand the business in depth.

In line with the requirements of the UK Code, the Board normally conducts an internal Board performance evaluation on an annual basis.

Re-election of directors

Any director appointed during the year is required under the provisions of the Company's articles of association to retire and seek election by shareholders at the next annual general meeting. The articles also require that one-third of the directors retire by rotation each year and seek re-election at the annual general meeting. The directors required to retire will be those in office longest since their previous re-election. In any event, each director must retire at the third annual general meeting following his appointment or re-appointment in a general meeting. Retiring directors are eligible for re-election by shareholders.

Remuneration of directors

A statement of the Company's remuneration policy and full details of directors' remuneration are set out in the Remuneration Committee report on pages 20 to 26. Executive directors abstain from any discussion or voting at full Board meetings on Remuneration Committee recommendations where the recommendations have a direct bearing on their own remuneration package.

Communication

The Company places a great deal of importance on communication with its shareholders. The Company publishes online both an interim statement and its full-year report and accounts. The annual report is mailed to all shareholders and, upon request, to other parties who have an interest in the Group's performance. Regular communication with shareholders also takes place via the Company's website: www.planthealthcare.com/for-investors.

There is regular dialogue with major shareholders, as well as general presentations after the release of the interim and final results. From time to time, these meetings involve the Chairman or non-executive directors. All shareholders have the opportunity to ask questions at the Company's annual general meeting.

Corporate governance *continued*

Risk management and internal controls

The directors recognise that the Group is ambitious and seeking significant growth.

The Board has in place a formal process for identifying, evaluating and managing the significant risks faced by the Group, which complies with the *Revised Guidance for Directors on the Combined Code* published by the Financial Reporting Council.

The directors are responsible for the Group's system of internal control and for reviewing its effectiveness. However, such a system can provide only reasonable, but not absolute, assurance against material misstatement or loss.

There is a formal process in place to regularly review the control systems across the Group to evaluate whether they are designed appropriately to mitigate emerging risks and in anticipation of expected growth. Twice a year, the Chief Financial Officer presents to the Board, for discussion and approval, a summary of the key internal controls in place during the prior period and proposals for enhancements to these controls in the forthcoming period. Based on this process, the directors believe that the Group has internal control systems in place appropriate to its size and nature.



Remuneration Committee report

The Remuneration Committee is chaired by James Ede-Golightly. Michael Higgins is also a member. Both are non-executive directors. The Committee is responsible for determining the contract terms, remuneration and other benefits of the executive directors and of the Chairman, and for monitoring the remuneration of first-line executive management. The Committee may call on outside compensation experts as required.

Remuneration policy

It is Group policy to set directors' remuneration levels to attract, incentivise and retain the quality of individuals that the Group requires to succeed in its chosen objectives. It is also Group policy to ensure that there is a strong link between the level of executive directors' remuneration and the performance of the Group in achieving its goals.

Elements of remuneration – executive directors

Chief Executive Officer

The following comprised the principal elements of the Group's Chief Executive Officer's remuneration during 2014 and 2015:

- basic salary and benefits;
- annual bonus (performance-related and discretionary);
- long-term share-based incentives; and
- pension contributions.

Other executive directors

Remuneration for the Group's other executive directors during 2014 and 2015 was comprised of basic salary and benefits.

Basic salary and benefits

Salaries for the Chief Executive Officer and other executive directors are reviewed annually by the Committee. As the level of the Chief Executive Officer's remuneration can be significantly augmented through performance-related bonuses, only in exceptional circumstances will the Committee consider an increase in excess of the general rate of wage inflation for the United States. Where such an increase has been awarded, the Committee will publish the reasons behind its decision in the Remuneration Committee report.

In addition to basic salary, the Group's Chief Executive Officer was entitled to the following main benefits:

- three weeks of vacation per annum;
- coverage under the Company's health insurance plans; and
- coverage under the Company's long-term and short-term disability and group term life insurance plans.

Remuneration Committee report *continued*

Annual bonus

An annual bonus is payable to the Chief Executive Officer based on achievement of certain corporate and personal objectives. For 2015, the Group's Chief Executive Officer had a bonus potential of 100% of his basic salary and he was paid a bonus of \$125,000, or 50% of his basic salary. For 2016, the potential remains 100%. This ensures that there is a significant element of "at risk" pay, which is only available when good results are achieved.

Long-term share-based incentives

Each of the executive directors was eligible to participate in the Company's share option schemes and long-term incentive stock award plans. The main features of these plans are:

(a) 2004 Unapproved share option scheme

In July 2004, the Board adopted the Plant Health Care plc Unapproved Share Option Scheme 2004. Under this scheme, the Board could grant options at an exercise price of not less than the market value of a share on the date of award. Options may normally be exercised between three and 10 years from grant. In most cases, vesting is also dependent upon the option holder remaining an eligible employee. In 2014, the scheme reached the tenth anniversary of its approval by shareholders; no further options may be granted. The Company was authorised to award options and shares under these plans up to the greater of 3% of its issued share capital or such number as, when aggregated with any outstanding options converted from the Plant Health Care, Inc. option plans from 1996 and 2001, amounts to no more than 10% of the issued share capital of the Company.

(b) Value creation plan

On 2 July 2013, the Company adopted the Plant Health Care plc 2013 Equity Incentive Plan, or the Value Creation Plan. Participants (which include the Executive Chairman, Chief Executive Officer and key members of the Group's senior management team) are entitled to receive a share of the Executive Total Incentive Pool established by the plan. The Executive Total Incentive Pool equals up to 10% of the Equity Value Created. Equity Value Created is defined as the value generated for shareholders in excess of the initial market value of the ordinary shares increased by an 8% annual hurdle, over a four-year Performance Period. The initial market value was 78p (corresponding to the price of the ordinary shares issued in the April 2013 private placement). The Performance Period extends from 16 April 2013 to the Measurement Date (the 20th market trading day after announcement of the Group's financial results for the year ending 31 December 2016 or such shorter period in the event of certain changes of control). The mechanics of the plan accommodate equity issuances, including option awards and ordinary shares issued in new placements or as consideration for acquisitions (by adjusting the Executive Total Incentive Pool by up to 10% of any value generated from additional fundraisings in excess of the issue price of those fundraisings increased by an annual hurdle of 8% (multiplied by the number of shares issued in the additional fundraising) from the date of the fundraising up to the Measurement Date) and the payment of dividends during the Performance Period. The vesting of awards under this plan is generally subject to exercise conditions. The Company may not award options that amount to more than 10% of the issued share capital of the Company.



Remuneration Committee report *continued*

(c) 2015 Employee share option plan

On 16 June 2015, the Board adopted the Plant Health Care plc 2015 Employee Share Option Plan, or the EMI Plan, which provides for the grant of options to acquire the Company's ordinary shares. Under the EMI Plan, the Company may grant enterprise management incentive options, known as EMI options, to eligible *bona fide* employees who qualify under applicable United Kingdom tax law, as well as options that do not qualify as EMI options, or NQOs. Vesting of options is subject to the performance conditions set out in the applicable option agreement and pursuant to the EMI Plan. The Board has the discretion and authority to set and measure the satisfaction of the performance conditions, which under the EMI Plan must be linked to the achievement of challenging financial performance over a period of at least three years, but no more than 10 years, from the date of grant and the enhancement of shareholder value. Performance conditions may be amended, relaxed or waived by the Board provided that any varied performance conditions would be a fairer measure of performance than the original performance conditions and are no more or no less difficult to satisfy than prior to the amendment. At any time, the total market value of the shares that can be acquired upon the exercise of all EMI options under the EMI Plan may not exceed £3 million.

As part of the EMI Plan, the Board has adopted rules governing options awarded to the Company's US employees, or the US Sub-Plan to the EMI Plan. The US Sub-Plan to the EMI Plan provides for grants of both incentive stock options qualifying under section 422 of the Internal Revenue Code of 1986, as amended, and non-statutory stock options. The term of an incentive stock option may not exceed 10 years (subject to certain limitations with respect to any employee who owns more than 10% of the voting power of all classes of the Company's outstanding ordinary shares). In the event the option holder ceases to be an employee before he or she exercises the vested portion of the option for any reason other than death, disability or by the employer for cause, the option shall expire three months after the date on which the option holder ceases to be an employee. In the event the option holder ceases to be an employee because of death or disability, the option holder, or his or her personal representative in the event of death, may exercise the vested portion of the option during the 12-month period following the date the option holder ceases to be an employee. In the event that the option holder's employment is terminated for cause by the employer, the option will expire immediately upon the date employment is terminated.

On 16 June 2015, the Board also adopted the Plant Health Care plc 2015 Non-Employee Share Option Plan, or the Non-Employee Option Plan, that provides for the grant of options to acquire ordinary shares to eligible option holders who are not employees. As part of the Non-Employee Option Plan, the Board has adopted rules governing options awarded to individuals who are not employees, or the US Sub-Plan to the Non-Employee Option Plan. This sub-plan provides for grants of non-statutory stock options. As of 31 December 2015, no awards were outstanding under the Non-Employee Option Plan or the US Sub-Plan to the Non-Employee Option Plan.

(d) Options granted outside option schemes

The Company has granted options to acquire shares pursuant to separate unapproved option agreements to Messrs. Schmidt, Higgins and Lewis and to Dr. Webb. Generally, the options may only be exercised while the option holder is a service provider to the Company. In the event that the option holder ceases to be a service provider as a result of injury, ill health or disability, upon the company for which the option holder works ceasing to be a member of the Group, or the transfer of the business that employs the option holder to a

Remuneration Committee report *continued*

person that is not in the Group, the option may be exercised during the six-month period beginning on the date upon which the option holder is no longer a service provider to the Company. Shares allotted under these options rank equally with all other shares in the same class in issue at the date of allotment. If and for so long as the allotted shares are listed or traded on any stock exchange, the Company shall apply for the shares allotted under these options to be admitted to the relevant exchange. In the event of any capitalisation issue, rights issue, consolidation, sub-division, reduction or other variation of the Company's share capital, the number and description of the shares subject to each option or the exercise price of each option shall be varied as the Board determines, provided that it considers such adjustment to be fair and appropriate. Limitations apply to the extent to which any such adjustment may reduce the price at which shares may be purchased pursuant to the exercise of an option and the exercise price for a share to be newly issued on the exercise of an option shall not be reduced below its nominal value.

Pension benefit

The Chief Executive Officer is entitled to participate in the Plant Health Care, Inc. 401(k) Plan. This is a defined contribution plan approved by the US Internal Revenue Service. The main features of the plan are:

- participation is open to all US-based employees who have completed a probationary period after initial employment;
- employees may contribute a percentage of salary to the plan through a payroll withholding scheme;
- In 2015, the Group made matching contributions of up to 2% of compensation to participating employees. In 2016, the Group will continue to match contributions up to 2% of compensation to participating employees;
- Beginning in 2014, Group contributions vest immediately; and
- the plan is subject to various statutory non-discrimination tests to ensure that it does not favour highly-compensated employees.

Elements of remuneration – non-executive directors

During 2014 and 2015, the remuneration for non-executive directors consisted solely of fees for their services in connection with the Board and Board committees. The non-executive directors receive their fees wholly in cash. In addition, certain of the non-executive directors provide consultancy services to the Group.

Service contracts

During 2014 and 2015, the Company had service contracts with all executive and non-executive directors. Provisions in the service contracts included:

For the Group's Chief Executive Officer:

- employment continues through 2 April 2016 and is automatically extended at that time (and on each 2 April thereafter) for successive one-year periods unless either party provides 60 days' prior written notice;



Remuneration Committee report *continued*

- the employment agreement can be terminated by either party without cause, provided that Mr. Schmidt is required to provide six months' prior written notice;
- the Company may also terminate Mr. Schmidt's employment with immediate effect for cause on the part of Mr. Schmidt;
- Mr. Schmidt may terminate his employment for good reason; however, he must provide 20 days' prior written notice and the opportunity to correct the event giving rise to such termination;
- if Mr. Schmidt's employment is terminated by the Company for any reason other than for cause or by Mr. Schmidt for good reason, Mr. Schmidt is eligible to receive an amount equal to 12 months of his base pay plus a bonus; and
- In the event of a sale of all of the Company's assets and/or equity, Mr. Schmidt is entitled to be paid (in a lump sum within 60 days of the effective date of such sale) an amount equal to (i) 0.33% of the net proceeds (up to £1,000,000), if such sale generates at least £150,000,000 in net proceeds or (ii) an amount equal to \$1,500,000 if the effective date of such sale occurs prior to 2 April 2016 and the sale generates less than £150,000,000 in gross proceeds.

For other executive directors (including the Executive Chairman):

- termination may be initiated by the Company or the director at any time with three months' written notice;
- the Company may also terminate the agreement with immediate effect by paying a sum in lieu of notice equal to the basic fixed salary the director would have been entitled to receive during the notice period; and
- the Company may also terminate the agreement with immediate effect at any time without notice or payment in lieu of notice for certain circumstances including gross misconduct affecting the business.

For non-executive directors:

- each director's appointment may be terminated with no less than three months' prior written notice; and
- each director's appointment may also be terminated with immediate effect for certain circumstances including serious breach or repeated breach of any obligations to the Company; any act of fraud or dishonesty; or a declaration of bankruptcy.

In addition to the above, the Company's articles of association require that at least one-third of the directors retire by rotation at each annual general meeting. Such retiring directors are eligible for re-election.

Remuneration Committee report *continued*

Directors' remuneration

For the year ended 31 December 2015, the table below sets forth the compensation paid to the directors and, in the case of Mr. Schmidt, reflects the compensation paid for his services as Chief Executive Officer. Mr. Schmidt did not receive any compensation other than in his capacity as an executive.

	<i>Base salary, and fees</i>	<i>Performance- related bonus</i>	<i>Other benefits</i>	<i>Share option benefit</i>	<i>Total 2015</i>	<i>Total 2014</i>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Executive:</i>						
P. Schmidt	250	125	27	—	402	479
C. Richards *	137	—	—	341	478	87
R. Webb**	122	—	—	512	634	91
<i>Non-executive:</i>						
M. Higgins	68	—	—	—	68	74
J. Ede-Golightly	38	—	—	—	38	41
W. Lewis (<i>Appointed 1 April 2015</i>)	29	—	—	49	78	—
	644	125	27	902	1,698	772

* The 2015 amount included in the table for Chris Richards represents fees for services provided as a non-executive and executive director in the amount of \$22,074 and \$115,361, respectively.

** The 2015 amount included in the table for Richard Webb represents fees for services provided as a non-executive and executive director in the amount of \$23,737 and \$98,191, respectively.

The 2014 amount included in the table for Richard Webb represents fees for services provided as a non-executive director in the amount of \$41,000, as well as remuneration for consultancy services in the amount of \$50,000.

Executive salaries

At 31 December 2015, Paul Schmidt had a base salary of \$250,000 (2014: \$250,000) and bonus potential of 100%.

Other benefits

In 2015, the Company contributed to the 401(k) Plan 2% (2014: 2%) of eligible compensation. In 2015, pension expense for the executive directors was \$5,850 (2014: \$5,350).

In 2015, the Company incurred nil (2014: \$17,550) of other payroll expense.

In 2015, the Company incurred \$21,157 (2014: \$18,666) of medical, dental and life insurance expense.

The share option benefit includes the amounts for the value of options and other equity awards granted to the Company's directors during 2015.



Remuneration Committee report *continued*

Directors' share-based incentives

Movements in 2015

During 2015, the following share option awards were made to directors:

<i>Director</i>	<i>Plan</i>	<i>Date of award</i>	<i>Number of options</i>	<i>Exercise price £</i>	<i>Expiry date</i>
C. Richards	2015 Employee share option plan	16 June 2015	233,644 EMI Options 481,356 NQOs	1.07	16 June 2019
R. Webb	2015 Employee share option plan	16 June 2015	233,644 EMI options 841,356 NQOs	1.07	16 June 2019
W. Lewis	Stand-alone agreement	16 April 2015	89,686	1.12	16 April 2019

Other information

During the year, the Company's share price on AIM ranged between 72.0p and 127.5p. At 31 December 2015, the share price was 83.5p. At 7 April 2016, the last working day prior to the approval of this annual report, the share price was 52.5p.

Report of the directors

The directors present their annual report together with the audited financial statements for the year ended 31 December 2015. See note 19 for discussion of financial risk management objectives and policies, exposure to price, credit, liquidity and cash flow risk.

Results and dividends

The results of the Group for the year are set out on page 32 and show a loss for the year of \$7,720,000 (2014: loss of \$6,130,000).

The directors recommend that no dividend be paid at this time.

Directors

The directors of the Company during and at the end of the year and their beneficial interests in the ordinary share capital of the Company and options to purchase ordinary shares of the Company (including through the value creation plan) were as follows:

	<i>At 31 December 2015</i>	
	<i>Shares</i>	<i>Options</i>
C. Richards	76,324	1,577,000
P. Schmidt	82,880	1,909,821
R. Webb	10,000	1,203,205
M. Higgins	—	117,647
J. Ede-Golightly	445,111	—
W. Lewis	—	89,686

Further details of the directors' share options and awards under the VCP are shown in the Remuneration Committee report on pages 20 to 26.

None of the directors has any holding in any subsidiary company, nor any material interest in the transactions of the Group.

Substantial shareholders

On 7 April 2016, the directors are aware of the following persons who, directly or indirectly, are interested in 3% or more of the Company's existing Ordinary Share capital:

<i>Name</i>	<i>Percentage of issued</i>	
	<i>Shares held</i>	<i>share capital*</i>
Henderson Global Investors Limited	18,957,124	26.38
Richard Griffiths**	14,886,132	20.72
Blake Holdings Limited**	9,453,758	13.16
Boulder River Capital Corporation and its affiliates	7,955,397	11.08
Polar Capital	4,422,154	6.15
Sarossa Plc	3,837,304	5.34
Seren Capital Management Limited**	3,724,619	5.18

* The percentages shown are based on the most recent share register analysis or notification.

** Blake Holdings Limited and Seren Capital Management Limited are controlled by Richard Griffiths, hence the interest of Blake Holdings Limited and Seren Capital Management Limited are also included within that of Richard Griffiths.



Report of the directors *continued*

Research and development

The Group continues to invest in R&D activities with an emphasis on the improvement of existing technologies, the formulation of products to meet specific customer needs and the development of proprietary bio-stimulants based on the Company's Harpin platform technology. For further details of the Company's R&D activities, see the Chairman's letter and Strategic report on pages 3 to 13.

Business review

For a discussion of the Group's 2015 performance and future developments, see the Chairman's letter and Strategic report on pages 3 to 13.

Board meetings and attendance

The following table shows the attendance of directors at meetings of the Board, Audit Committee and Remuneration Committee held during the 2015 financial year:

	<i>Board</i>	<i>Audit Committee</i>	<i>Remuneration Committee</i>
Number of meetings held	9	3	4
C. Richards	9	—	2
P. Schmidt	9	—	—
R. Webb	9	1	—
M. Higgins	9	3	4
J. Ede-Golightly	9	3	4
W. Lewis (<i>Appointed 1 April 2015</i>)	5	—	1

Auditor

All of the directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Company's auditor for the purposes of its audit and to ensure that the auditor is aware of that information. The directors are not aware of any relevant audit information of which the auditor is unaware.

Going concern

In consideration of the Group's current resources and review of financial forecasts and projections, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. No material uncertainties that may cast significant doubt about the ability of the Company to continue as a going concern have been identified by the directors. Accordingly, the directors continue to adopt the going concern basis in preparing the annual report and accounts.

Annual general meeting

At the forthcoming annual general meeting of the Company, resolutions will be put forward to re-elect Michael Higgins and Paul Schmidt as directors and to re-appoint BDO LLP as the auditor of the Company. Shareholders will also be asked to approve the US Sub-Plan to the 2015 Employee Share Option Plan.

By Order of the Board

Andrew C. Wood FCIS

Company Secretary

8 April 2016

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards ("IFRSs"), as adopted by the European Union, and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. The directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on AIM.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs, as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business.

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

Website publication

The directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.



Independent auditor's report

To the members of Plant Health Care plc

We have audited the financial statements of Plant Health Care plc for the year ended 31 December 2015 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated statement of cash flows, the Company statement of financial position, Company statement of changes in equity, and the related notes. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and the parent company's affairs as at 31 December 2015 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company's financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Independent auditor's report *continued*

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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

Julian Frost

(Senior statutory auditor)

For and on behalf of BDO LLP
Statutory auditor
55 Baker Street, London
United Kingdom

8 April 2016

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).



Consolidated statement of comprehensive income

for the year ended 31 December 2015

		2015	2014
	Note	\$'000	\$'000
Revenue	4	7,508	6,880
Cost of sales		(2,825)	(3,379)
Gross profit		4,683	3,501
Research and development expenses		(4,105)	(2,044)
Business development expenses		(1,155)	(1,037)
Sales and marketing expenses		(2,715)	(2,731)
Administrative expenses		(4,484)	(3,766)
Operating loss	5	(7,776)	(6,077)
Finance income	10	95	119
Finance expense	10	(2)	(3)
Loss before tax		(7,683)	(5,961)
Income tax expense	11	(37)	(169)
Loss for the year attributable to the equity holders of the parent company		(7,720)	(6,130)
Other comprehensive income:			
Items which will or may be reclassified to profit or loss:			
Exchange difference on translation of foreign operations		111	(29)
Total comprehensive loss for the year attributable to the equity holders of the parent company		(7,609)	(6,159)
Basic and diluted loss per share	12	\$(0.11)	\$(0.09)

The notes on pages 36 to 71 form part of these consolidated financial statements.

Consolidated statement of financial position

at 31 December 2015

	Note	2015 \$'000	2014 \$'000
Assets			
Non-current assets			
Intangible assets	13	2,435	2,707
Property, plant and equipment	14	1,183	298
Trade and other receivables	16	73	41
Total non-current assets		3,691	3,046
Current assets			
Inventories	15	1,391	1,084
Trade and other receivables	16	4,609	2,710
Investments	19	7,491	12,775
Cash and cash equivalents		948	3,898
Total current assets		14,439	20,467
Total assets		18,130	23,513
Liabilities			
Current liabilities			
Trade and other payables	17	3,061	1,832
Finance leases	18	8	10
Total current liabilities		3,069	1,842
Non-current liabilities			
Finance leases	18	16	24
Total non-current liabilities		16	24
Total liabilities		3,085	1,866
Total net assets		15,045	21,647
Share capital	21	1,236	1,234
Share premium	22	71,040	70,895
Foreign exchange reserve	22	(500)	(611)
Accumulated deficit	22	(56,731)	(49,871)
Total equity		15,045	21,647

The consolidated financial statements were approved and authorised for issue by the Board on 8 April 2016.

P. Schmidt
Director

Registered No: 05116780 (England and Wales)

The notes on pages 36 to 71 form part of these consolidated financial statements.



Consolidated statement of changes in equity

for the year ended 31 December 2015

	Share capital \$'000	Share premium \$'000	Reverse acquisition reserve \$'000	Share-based payment reserve \$'000	Foreign exchange reserve \$'000	Accumulated deficit \$'000	Total \$'000
Balance at 1 January 2014	1,215	70,206	10,548	2,556	(582)	(57,348)	26,595
Loss for year	—	—	—	—	—	(6,130)	(6,130)
Exchange difference arising on translation of foreign operations	—	—	—	—	(29)	—	(29)
Total comprehensive income/(loss)	—	—	—	—	(29)	(6,130)	(6,159)
Reverse acquisition reserve reclassification	—	—	(10,548)	—	—	10,548	—
Share-based payments reclassification	—	—	—	(2,556)	—	2,556	—
Share-based payments	—	—	—	—	—	503	503
Options exercised	19	689	—	—	—	—	708
Balance at 31 December 2014	1,234	70,895	—	—	(611)	(49,871)	21,647
Loss for year	—	—	—	—	—	(7,720)	(7,720)
Exchange difference arising on translation of foreign operations	—	—	—	—	111	—	111
Total comprehensive income/(loss)	—	—	—	—	111	(7,720)	(7,609)
Shares issued	—	42	—	—	—	—	42
Share-based payments	—	—	—	—	—	860	860
Options exercised	2	103	—	—	—	—	105
Balance at 31 December 2015	1,236	71,040	—	—	(500)	(56,731)	15,045

The notes on pages 36 to 71 form part of these consolidated financial statements.

Consolidated statement of cash flows

for the year ended 31 December 2015

	<i>Note</i>	<i>2015</i> \$'000	<i>2014</i> \$'000
Cash flows from operating activities			
Loss for the year		(7,720)	(6,130)
Adjustments for:			
Depreciation	14	164	87
Amortisation of intangibles	13	272	297
Share-based payment expense		860	503
Finance income	10	(95)	(119)
Finance expense	10	2	3
Income taxes expense		37	169
(Increase)/decrease in trade and other receivables		(1,931)	735
Loss on disposal of fixed assets		14	5
(Increase)/decrease in inventories		(307)	1,426
Increase/(decrease) in trade and other payables		1,229	(1,334)
Income taxes paid		(37)	(190)
Net cash used in operating activities		(7,512)	(4,548)
Investing activities			
Purchase of property, plant and equipment	14	(1,063)	(114)
Finance income	10	95	119
Purchase of investments		(8,933)	(20,831)
Sale of investments		14,217	19,110
Net cash provided by/(used in) investing activities		4,316	(1,716)
Financing activities			
Finance expense	10	(2)	(3)
Issue of ordinary share capital		42	—
Exercise of options		105	708
Repayment of borrowings		(10)	(9)
Net cash provided by financing activities		135	696
Net decrease in cash and cash equivalents		(3,061)	(5,568)
Effects of exchange rate changes on cash and cash equivalents		111	(29)
Cash and cash equivalents at beginning of period		3,898	9,495
Cash and cash equivalents at end of period		948	3,898

The notes on pages 36 to 71 form part of these consolidated financial statements.



Notes forming part of the Group financial statements

for the year ended 31 December 2015

1. General information

Plant Health Care plc (the “Company”) is a public limited company incorporated in England and Wales. The address of its registered office is 48 Chancery Lane, London WC2A 1JF. The Company and its subsidiaries (together, the “Group”) is a leading provider of proprietary agricultural biological products and technology solutions focused on improving crop performance by activating a growth response and bolstering plant defence mechanisms against both abiotic and biotic stresses. The principal markets of the Company and its subsidiaries are described in Note 9.

2. Accounting policies

Reporting currency

The financial statements are presented in thousands of US dollars. The directors believe that it is appropriate to use US dollars as the presentational currency for reporting, since the majority of the Group’s transactions are conducted in that currency. The exchange rates used to convert British pounds to US dollars at 31 December 2015 and 2014 were 1.4802 and 1.5532, respectively, and the average exchange rate for the years then ended were 1.5284 and 1.6476, respectively.

Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively “IFRSs”) issued by the International Accounting Standards Board (“IASB”) and as adopted by the European Union and those parts of the Companies Act 2006 which apply to companies preparing their financial statements under IFRSs.

Amounts are rounded to the nearest thousand, unless otherwise stated.

In 2015, the Group changed its operating and reportable segments to align with the way its business is currently managed and to better reflect its evolving research and development activities. Therefore, the Group now discloses New Technology as a separate operating and reportable segment. The 2014 presentation of this data has been reclassified to conform to the 2015 presentation. Additional information about the Group’s operating and reportable segments is included in Note 9.

Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments designated at fair value through the profit and loss.

The principal accounting policies are set out below. The policies have been applied consistently to all the years presented and on a going concern basis.

Notes forming part of the Group financial statements *continued*

for the year ended 31 December 2015

2. Accounting policies *continued*

Standards, amendments and interpretations to published standards effective in 2015 adopted by the Group

A number of new and amended standards have become effective since the beginning of the year. None of the new amendments materially affect the Group.

Standards, amendments and interpretations to published standards not yet effective

There are a number of new standards and amendments to and interpretations of existing standards which have been published and are not yet mandatory and which the Group has decided not to adopt early.

A summary of these standards is given in Note 25 to the financial statements.

Basis of consolidation

On 6 July 2004, Plant Health Care plc became the legal parent company of Plant Health Care, Inc. in a share-for-share transaction. The former shareholders of Plant Health Care, Inc. became the majority shareholders of Plant Health Care plc. Further, the continuing operations and executive management of Plant Health Care plc were those of Plant Health Care, Inc.

This combination was accounted for as a reverse acquisition with Plant Health Care, Inc., the legal acquiree, being treated as the acquirer. Under this method, the assets and results of Plant Health Care plc were combined with the assets, liabilities and results of Plant Health Care, Inc. from the date of combination. There was no adjustment to the carrying values of the assets and liabilities in Plant Health Care, Inc. to reflect their fair value at the date of combination. No goodwill arose on this combination.

These consolidated financial statements incorporate the financial statements of the Group and the entities controlled by the Group. Control exists when the Group has (i) power over the investee, (ii) exposure, or rights, to variable returns from its involvement with the investee, and (iii) the ability to use its power over the investee to affect the amount of the investor's returns. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All significant intercompany transactions, balances, revenues and expenses have been eliminated.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the consolidated statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.



Notes forming part of the Group financial statements *continued*

for the year ended 31 December 2015

2. Accounting policies *continued*

Revenue

The Group recognises revenue at the fair value of consideration received or receivable. Sales of goods to external customers are at invoiced amounts less value added tax or local tax on sales. The Group currently generates revenue solely within its Commercial business through the sale of its proprietary and third-party products, as well as from granting certain licenses for the use of its intellectual property. Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the significant risks and rewards of ownership of the goods have been transferred to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

The Group typically transfers significant risks of ownership and title in the products upon shipment of goods from one of its locations. After the Group transfers title and ships goods to the customer, it typically does not retain significant involvement nor does it have effective control over the goods sold. Therefore, if all other revenue recognition criteria are met, revenue is recognised upon shipment of the goods to the customer. Payment terms range from 30 to 270 days depending on the local custom.

In the limited situation where the Group offers a product rebate to the customer, it records the fair value of the product rebate as a reduction to product revenue. An accrued liability for these product rebates is estimated and recorded at the time the revenues are recorded.

License/milestone payment income is recognised when the Group has no remaining obligations to perform under a non-cancellable contract which permits the user to act freely under the terms of the agreement and the collection of the resulting receivable is reasonably assured. To date the Group has not achieved the performance obligations for any milestone payments.

Goodwill

Goodwill is measured as the excess of the cost of an acquisition over the net fair value of the identifiable assets, liabilities and contingent liabilities, plus any direct costs of acquisition for acquisitions before 1 January 2010. For business combinations completed on or after 1 January 2010, direct costs of acquisition are recognised immediately as an expense.

Goodwill is capitalised as an intangible asset with any impairment in carrying value being charged to administrative expenses in the consolidated statement of comprehensive income. The Company performs annual impairment tests for goodwill at the financial year-end.

Notes forming part of the Group financial statements *continued*

for the year ended 31 December 2015

2. Accounting policies *continued*

Other intangible assets

Externally-acquired intangible assets are initially recognised at cost and subsequently amortised on a straight-line basis over their useful economic lives. The amortisation expense is included within administrative expenses in the consolidated statement of comprehensive income.

Intangible assets are recognised on business combinations if they are separable from the acquired entity or give rise to contractual or other legal rights, and are initially recognised at their fair value.

Expenditure on internally-developed intangible assets (development costs) are capitalised if it can be demonstrated that:

- it is technically feasible to develop the product for it to be sold;
- adequate resources are available to complete the development;
- there is an intention to complete and sell the product;
- the Group is able to sell the product;
- sale of the product will generate future economic benefits; and
- expenditure on the project can be measured reliably.

Development expenditure not satisfying the above criteria and expenditure on the research phase of internal projects are recognised in profit or loss.

Capitalised development costs are amortised over the periods of the future economic benefit attributable to the asset. The amortisation expense is included within administrative expenses in the consolidated statement of comprehensive income. The Group has not capitalised any development costs to date.

The significant intangibles recognised by the Group and their estimated useful economic lives are as follows:

Licenses	– 12 years
Registrations	– 5-10 years

Impairment of goodwill and other intangible assets

Impairment tests on goodwill are undertaken annually at the financial year-end. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (that is the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Impairment charges are included within administrative expenses in the consolidated statement of comprehensive income. An impairment loss recognised for goodwill is not reversed.



Notes forming part of the Group financial statements *continued*

for the year ended 31 December 2015

2. Accounting policies *continued*

Provisions

Provisions are recognised for liabilities of uncertain timing or amount that have arisen as a result of past transactions and are discounted at a pre-tax rate reflecting current market assessments of the time value of money and the risks specific to the liability.

Foreign currency

Foreign currency transactions of individual companies are translated into the individual company's functional currency. Any differences are recognised in profit or loss.

On consolidation, the results of operations that have a functional currency other than US dollars are translated into US dollars at rates approximating to those ruling when the transactions took place. Statements of financial position are translated at the rate ruling at the end of the financial period. Exchange differences arising on translating the opening net assets at opening rate and the results of operations that have a functional currency other than US dollars at average rate are included within "other comprehensive income" in the consolidated statement of comprehensive income and taken to the foreign exchange reserve within capital and reserves.

Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer.

Financial instruments

Trade receivables collectible within one year from the date of invoicing are recognised at invoice value less provision for amounts the collectibility of which is uncertain. Trade receivables collectible after more than one year from the date of invoicing are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Investments comprise short-term investments in notes and bonds having investment grade ratings. Investments are designated at fair value through profit and loss upon initial recognition when they form part of a group of financial assets which is actively managed and evaluated by key management personnel on a fair value basis in accordance with the Company's documented investment strategy that seeks to improve the rate of return earned by the Company on its excess cash while providing unrestricted access to the funds. The Company's investments are carried at fair value as determined by quoted prices on active markets, with changes in fair values recognised through profit or loss.

Cash and cash equivalents comprise cash on hand, demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to insignificant risk of changes in value.

Notes forming part of the Group financial statements *continued*

for the year ended 31 December 2015

2. Accounting policies *continued*

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

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs. The Group's ordinary shares are classified as equity instruments.

Employee benefits

The Group maintains a number of defined contribution pension schemes for certain of its employees; the Group does not contribute to any defined benefit pension schemes. The amount charged to profit or loss represents the employer contributions payable to the schemes for the financial period.

The expected costs of all short-term employee benefits, including short-term compensated absences, are recognised during the period the employee service is rendered.

Equity share-based payments

The Group operates a number of equity-settled, share-based payment plans, under which it receives services from employees and non-employees as consideration for the Company's equity instruments, in the form of options or restricted stock units ("awards"). The fair value of the award is recognised as an expense, measured as of the grant date using a binomial option pricing model. The total amount to be expensed is determined by reference to the fair value of instruments granted, excluding the impact of any service and non-market performance vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is typically the period over which all of the specified vesting conditions are to be met.

Leased assets: lessee

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the lower of fair value and present value of the minimum lease payments payable over the term of the lease. The corresponding lease commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is recognised in profit or loss over the shorter of useful economic life and lease term.

Lease payments are analysed between capital and interest components. The interest element of the payment is charged to income over the period of the lease and is calculated so that it represents a constant proportion of the balances of capital repayments outstanding. The capital element reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to income on a straight-line basis over the lease term.



Notes forming part of the Group financial statements *continued*

for the year ended 31 December 2015

2. Accounting policies *continued*

Property, plant and equipment

Items of property, plant and equipment are initially recognised at cost. Cost includes the purchase price and costs directly attributable to bringing the asset into operation. Depreciation is provided to write off the cost, less estimated residual values, of all property, plant and equipment over their expected useful lives. It is calculated at the following rates:

Production machinery	– 10 – 20% per annum
Office equipment	– 20 – 33% per annum
Vehicles	– 20% per annum

Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost is based upon a weighted average cost method. The Group compares the cost of inventory to its net realisable value and writes down inventory to its net realisable value, if lower than its cost. Cost comprises all costs of purchase and all other costs of conversion. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Deferred tax

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

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit; and
- investments in subsidiaries and joint arrangements where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

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

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

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and when they relate to income taxes levied by the same tax authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Notes forming part of the Group financial statements *continued*

for the year ended 31 December 2015

3. Critical accounting estimates and judgments

In preparing its financial statements, the Group makes certain estimates and judgments regarding the future. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from estimates and assumptions. The estimates and judgments that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Revenue

The Group recognises revenue at the fair value of consideration received or receivable. Sales of goods to external customers are at invoiced amounts less value added tax or local tax on sales. The Group currently generates revenue solely within its Commercial business through the sale of its proprietary and third-party products, as well as from granting certain licenses for use of its intellectual property.

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions have been satisfied:

- the significant risks and rewards of ownership of the goods have been transferred to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

The Group typically transfers significant risks of ownership and title in the products upon shipment of goods from one of its locations. After the Group transfers title and ships goods to the customer, it typically does not retain significant involvement nor does it have effective control over the goods sold. Therefore, if all other revenue recognition criteria are met, revenue is recognised upon shipment of the goods to the customer. Payment terms range from 30 to 270 days depending on the local custom.

In the limited situation where the Group offers a product rebate to the customer, it records the fair value of the product rebate as a reduction to product revenue. An accrued liability for these product rebates is estimated and recorded at the time the revenues are recorded.

Licensing arrangements and milestone payments

In addition to the sale of goods, the Group has also granted a limited number of intellectual property licenses to other biotechnology and agricultural companies. The terms of the Group's licensing agreements require delivery of an intellectual property license for use of the Group's intellectual property in either research only, or in research and commercial development of biological products. Payments to the Group under these arrangements may include up-front payments and payments based on the achievement of certain milestones.



Notes forming part of the Group financial statements *continued*

for the year ended 31 December 2015

3. Critical accounting estimates and judgments *continued*

Non-refundable up-front payments are generally received upon signing of a licensing agreement. All non-refundable up-front payments received or to be received under these arrangements are recognised when IAS 18 revenue recognition criteria are met, they are receivable; they are non-refundable; and provided they are in substance consideration for a completed separate earnings process.

Milestone payments are recognised as revenue when the performance obligations, as defined in the contracts, are achieved. These milestone payments are generally tied to a specific performance condition and are recognised in full when the performance obligation is met. To date, the Group has not achieved the performance obligations for any milestone payments.

Impairment of goodwill

The Group tests whether goodwill has suffered any impairment on an annual basis. The recoverable amount is determined based on value-in-use calculations. The use of this method requires the estimation of future cash flows and the choice of a discount rate in order to calculate the present value of the cash flows. Actual outcomes may vary. Additional information on carrying values is included in Note 13.

Impairment of intangible assets (excluding goodwill)

At the end of the financial period, the Group reviews the carrying amounts of its definite lived intangible assets to determine whether there is any indication that those assets have suffered any impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing the value in use, the estimated future cash flows are discounted to their net present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately within administrative expenses in the consolidated statement of comprehensive income. Additional information on carrying values is included in Note 13.

Inventory

The Group reviews the net realisable value of, and demand for, its inventory on a periodic basis to provide assurance that recorded inventory is stated at the lower of cost or net realisable value. Factors that could impact estimated demand and selling prices include timing and success of future technological innovations, competitor actions, supplier prices and economic trends. Changes in these factors that differ from management's estimates can result in adjustment to the carrying value and amounts charged to income in specific periods. More details on carrying amounts and write down of inventories to net realisable value are included in Note 15.

Notes forming part of the Group financial statements *continued*

for the year ended 31 December 2015

3. Critical accounting estimates and judgments *continued*

Provisions

In accordance with IFRS, the Group recognises a provision where there is a present obligation from a past event, a transfer of economic benefits is probable and the amount of costs of the transfer can be estimated reliably. Application of these accounting principles to provisions estimated requires the Group's management to make determinations about various factual and legal matters beyond its control. The Group reviews outstanding events, developments in legal proceedings if any, and other situations that could indicate an obligation at each reporting date, in order to assess the need for provisions and disclosures in its financial statements. Among the factors considered in making decisions on provisions are the nature of the event, including, where applicable, litigation, claim or assessment, potential costs expected to be incurred related to the event, litigation, claim or assessment, the progress of matters in the event (including the progress after the date of the financial statements but before those statements are issued), the opinions of legal advisers or other specialists, where applicable, experience on similar events and any decision of the Group's management as to how it will respond to the event, litigation, claim or assessment.

In instances where the criteria for recognising a provision are not met, a contingent liability may be disclosed in the notes to the financial statements. Obligations arising in respect of contingent liabilities that have been disclosed, or those which are not currently recognised or disclosed in the financial statements, could have a material effect on the Group's financial position. Additional information on provisions is included in Notes 15 – 17.

4. Revenue

	2015	2014
	\$'000	\$'000
<i>Revenue arises from:</i>		
Proprietary products	4,535	3,774
Third-party products	2,973	3,106
Total	7,508	6,880



Notes forming part of the Group financial statements *continued*

for the year ended 31 December 2015

5. Operating loss

	Note	2015 \$'000	2014 \$'000
Operating loss is arrived at after charging/(crediting):			
Share-based payment charge	8	860	503
Depreciation	14	164	87
Amortisation of intangibles	13	272	297
Operating lease expense		420	339
Loss on disposal of property, plant and equipment		14	5
Foreign exchange losses		473	458
Auditor's remuneration:			
Amounts for audit of parent company and consolidation		116	69
Amounts for audit of subsidiaries		49	29
Amounts for other services		427	10
Total auditor's remuneration		592	108

Of the \$427,000 of other services, \$213,000 fees are within other receivables and prepayments.

6. Staff costs

Staff costs for all employees, including executive directors, comprise:

	2015 \$'000	2014 \$'000
Wages and salaries	4,187	3,268
Social security and payroll taxes	329	280
Defined contribution pension costs	42	31
Medical and other benefits	215	157
	4,773	3,736
Share-based payments charge	860	503
	5,633	4,239

The average number of employees of the Group during the year, including executive directors, was as follows:

	2015	2014
Research	10	7
Development	2	2
Administration	8	11
Sales and marketing	19	14
	39	34

Notes forming part of the Group financial statements *continued*

for the year ended 31 December 2015

7. Directors' and key management personnel remuneration

Key management personnel are those persons having authority and responsibility for planning, directing and controlling activities of the Group, and includes only the directors of the Company. Further disclosures on the remuneration of each individual director are included in the directors' remuneration section of the Remuneration Committee report on page 25.

	2015 \$'000	2014 \$'000
Base salary, fees and bonuses	769	668
Other short-term employee benefits	21	37
Share-based payments	597	322
Social security and taxes	36	12
Pensions and other post-retirement benefits	6	5
	1,429	1,044

One executive director who served during the year was eligible to participate in the Group's 401(k) retirement plan (2014: one).

The highest-paid director earned \$375,000 consisting of an annual salary and performance-related bonus as well as \$21,000 of other benefits and \$5,850 of pension.

8. Share-based payments

The Company operates three equity-settled share-based remuneration schemes for employees: a share option scheme, a value creation plan and an employee share option plan, as described in the "Elements of remuneration" section for executive directors within the Remuneration Committee report on page 20.

(a) Share options

In June 2004, the Company approved the 2004 Unapproved Share Option Scheme (the "Option Plan"). The Option Plan provides for the issuance of options for ordinary share capital of the Group to all eligible employees.

In 2014, the scheme reached the tenth anniversary of its approval by shareholders and no further options may be granted under the Option Plan.

In addition, in limited instances, the Company has granted options to certain management for ordinary share capital of the Company under separate unapproved option agreements.



Notes forming part of the Group financial statements *continued*

for the year ended 31 December 2015

8. Share-based payments *continued*

Valuation of the share options granted during the years ended 31 December 2015 and 2014 was as follows:

	16 April 2015	9 April 2014
Share options granted	89,686	200,000
Weighted average fair value	36p	19p
Assumptions used in measuring fair value:		
Weighted average share price	112p	60p
Exercise price	112p	60p
Expected volatility	41%	46%
Option life (years)	3	4
Expected vesting period (years)	4.0	3.0
Expected dividend yield	0.0%	0.0%
Risk-free interest rate	0.93%	1.32%

For valuation of the share options granted in 2015 and 2014:

- The weighted average share price and the expected volatility were determined by reference to the share price of Plant Health Care plc on AIM and the historical share price of Plant Health Care plc on AIM for a three-year period, respectively; and
- The expected vesting period reflects market-based performance conditions for these options and share awards;

(b) Value Creation Plan

In July 2013, the Group approved the 2013 Value Creation Plan (the "VCP"). The VCP provides for the issuance of restricted stock units and options for ordinary share capital of the Company. The Chairman, CEO and key members of the senior executive team are able to participate. The VCP calculates value generated for shareholders from the point of the April 2013 fundraising over a four-year period, with the plan participants receiving in aggregate up to 10% of value generated above an annual hurdle of 8%, paid in shares valued at that end point.

Notes forming part of the Group financial statements *continued*

for the year ended 31 December 2015

8. Share-based payments *continued*

Valuation of the share options granted under the VCP during the year ended 31 December 2015 was as follows:

	<i>15 April 2015</i>
Share options granted	468,975
Weighted average fair value	33p
Market capitalisation	79,956,274
Valuation hurdle	74,898,120
Assumptions used in measuring fair value:	
Weighted average share price	112p
Exercise price	80 – 111p
Risk-free rate	0.75%
Expected vesting period	2
Option life (years)	10.0
Expected volatility	40.6%
Expected dividend rate	0.0%

For valuation of the VCP in 2015:

- The weighted average share price and the expected volatility were determined by reference to the share price of Plant Health Care plc on AIM and the historical share price of Plant Health Care plc on AIM for a two-year period, respectively;
- The expected vesting period reflects 20 trading days after the announcement of financial results for the year ending 31 December 2016; and.
- The valuation hurdle was set as 78p escalated at an 8% hurdle rate to the measurement date.

There were no VCP awards granted during the year ended 31 December 2014.

(c) 2015 Employee Share Option Plan

In June 2015, the Board approved the 2015 Employee Share Option Plan and the 2015 Non-Employee Share Option Plan (the “Plans”). The Plans provide for the issuance of options for ordinary share capital of the Company to both employees and non-employees. The 2015 Employee Share Option Plan provides for the grant of both Enterprise Management Incentive options as well as Non-qualifying Options.



Notes forming part of the Group financial statements *continued*

for the year ended 31 December 2015

8. Share-based payments *continued*

The valuation of the awards granted under the 2015 Employee Share Option Plan during the year ended 31 December 2015 were as follows (no awards or options were granted for the year ended 31 December 2014):

	16 June 2015	15 October 2015
Share options granted	1,790,000	443,750
Weighted average fair value	31p	25p
Assumptions used in measuring fair value:		
Weighted average share price	107p	89p
Exercise price	107p	89p
Risk-free rate	1.16%	0.94%
Expected vesting period (years)	1.0 – 3.0	1.0 – 3.0
Option life (years)	4.0	4.0
Expected volatility	39.0%	37.0%
Expected dividend rate	0.0%	0.0%

The valuation of the share options granted during the year ended 31 December 2015 was as follows:

- The weighted average share price and the expected volatility were determined by reference to the share price of Plant Health Care plc on AIM and the historical share price of Plant Health Care plc on AIM for the applicable expected vesting period, respectively; and
- The expected vesting period reflects market-based performance conditions for these options;

9. Segment information

The Group's CODM views, manages and operates the Group's business segments according to its strategic business focuses – Commercial and New Technology. The CODM further analyses the results and operations of the Group's Commercial business on a geographical basis; and therefore the Group has presented separate geographic segments within its Commercial business below: Commercial – Americas (North and South America, other than Mexico); Commercial – Mexico; and Commercial – Rest of World. The Group's Commercial segments are focused on the sale of biological products and are the Group's only revenue generating segments. The Group's New Technology segment is focused on the research and development of the Group's PREtec platform.

The Group has aggregated its United Kingdom and Spain operating segments into its Commercial – Rest of World reportable segment. These two operating segments have been aggregated into the Rest of World reportable segment in accordance with guidance in IFRS 8 as the nature of the products sold, production processes, type of customer, and distribution method are similar. In addition, economic characteristics, including primarily long-term profitability and economic factors in the agricultural industry impacting the pricing of and demand for the Group's products, have been assessed and it has been determined that these operating segments (United Kingdom and Spain) share similar economic characteristics.

Notes forming part of the Group financial statements *continued*

for the year ended 31 December 2015

9. Segment information *continued*

Below is information regarding the Group's segment loss information for the year ended:

2015

	Americas \$'000	Mexico \$'000	Rest of World \$'000	Elimination \$'000	Total Commercial \$'000	New Technology \$'000	Total \$'000
Revenue*							
Proprietary product sales	2,528	643	1,364	—	4,535	—	4,535
Third-party product sales	77	2,870	26	—	2,973	—	2,973
Inter-segment product sales	1,510	4	60	(1,574)	—	—	—
Total revenue	4,115	3,517	1,450	(1,574)	7,508	—	7,508
Group consolidated revenue	4,115	3,517	1,450	(1,574)	7,508	—	7,508
Cost of sales	(1,963)	(1,781)	(655)	1,574	(2,825)	—	(2,825)
Research and development	—	—	—	—	—	(3,852)	(3,852)
Business development	(1,155)	—	—	—	(1,155)	—	(1,155)
Sales and marketing	(1,272)	(837)	(606)	—	(2,715)	—	(2,715)
Administration	(297)	(226)	(811)	—	(1,334)	(281)	(1,615)
Non-cash expenses:							
Depreciation	(32)	(40)	(5)	—	(77)	(87)	(164)
Amortisation	(255)	—	(17)	—	(272)	—	(272)
Share-based payment	(129)	(4)	—	—	(133)	(526)	(659)
Segment operating (loss)/profit	(988)	629	(644)	—	(1,003)	(4,746)	(5,749)
Corporate expenses **							
Wages and professional fees							(806)
Administration***							(1,221)
Operating loss							(7,776)
Finance income							95
Finance expense							(2)
Loss before tax							(7,683)

* Revenue from one customer within the Americas segment totalled \$1,524,000, or 20% of Group revenues.

** These amounts represent public company expenses for which there is no reasonable basis by which to allocate the amounts across the Group's segments.

*** Includes net share-based payment expense of \$201,000 attributed to corporate employees who are not affiliated with any of the Commercial or New Technology segments.



Notes forming part of the Group financial statements *continued*

for the year ended 31 December 2015

9. Segment information *continued*

Other segment information:

	<i>Americas</i>	<i>Mexico</i>	<i>Rest of World</i>	<i>Elimination</i>	<i>Total Commercial</i>	<i>New Technology</i>	<i>Total</i>
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
Segment assets	13,654	1,822	1,691	—	17,167	963	18,130
Segment liabilities	2,441	183	69	—	2,693	392	3,085
Capital expenditure	88	94	16	—	198	865	1,063

Notes forming part of the Group financial statements *continued*

for the year ended 31 December 2015

9. Segment information *continued*

2014

	Americas \$'000	Mexico \$'000	Rest of World \$'000	Elimination \$'000	Total Commercial \$'000	New Technology \$'000	Total \$'000
Revenue*							
Proprietary product sales	1,971	563	1,240	—	3,774	—	3,774
Third-party product sales	138	2,917	51	—	3,106	—	3,106
Inter-segment product sales	1,552	38	33	(1,623)	—	—	—
Total revenue	3,661	3,518	1,324	(1,623)	6,880	—	6,880
Group consolidated revenue	3,661	3,518	1,324	(1,623)	6,880	—	6,880
Cost of sales	(2,459)	(1,767)	(776)	1,623	(3,379)	—	(3,379)
Research and development	—	—	—	—	—	(2,044)	(2,044)
Business development	(1,037)	—	—	—	(1,037)	—	(1,037)
Sales and marketing	(1,174)	(903)	(654)	—	(2,731)	—	(2,731)
Administration	(1,222)	(303)	(173)	—	(1,698)	—	(1,698)
Non-cash expenses:							
Depreciation	(52)	(30)	(5)	—	(87)	—	(87)
Amortisation	(253)	—	(44)	—	(297)	—	(297)
Share-based payment	(169)	(10)	(2)	—	(181)	(99)	(280)
Segment operating (loss)/profit	(2,705)	505	(330)	—	(2,530)	(2,143)	(4,673)
Corporate expenses **							
Wages and professional fees							(811)
Administration***							(593)
Operating loss							(6,077)
Finance income							119
Finance expense							(3)
Loss before tax							(5,961)

* Revenue from two customers within the Americas segment totalled \$1,000,000 and \$717,500, or 15% and 10% of Group revenues, respectively.

** These amounts represent public company expenses for which there is no reasonable basis by which to allocate the amounts across the Group's segments.

*** Includes net share-based payment expense of \$223,000 attributed to corporate employees who are not affiliated with any of the Commercial or New Technology segments.



Notes forming part of the Group financial statements *continued*

for the year ended 31 December 2015

9. Segment information *continued*

Other segment information:

	Americas	Mexico	Rest of World	Elimination	Total Commercial	New Technology	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Segment assets	18,372	2,103	2,888	—	23,363	150	23,513
Segment liabilities	1,066	418	78	—	1,562	304	1,866
Capital expenditure	—	81	—	—	81	33	114

Segment assets include all operating assets used by a segment and consist principally of operating cash, receivables, inventories, property, plant and equipment and intangible assets, net of allowances and provisions. Segment liabilities include all operating liabilities and consist principally of trade payables and accrued liabilities.

All material non-current assets are located in the United States.

Geographic information

The Group operates in three principal countries – the United Kingdom (country of domicile), the United States and Mexico.

The Group's revenues from external customers by location of operation are detailed below:

	Year ended 31 December 2015		Year ended 31 December 2014	
	Amount \$'000	Percentage	Amount \$'000	Percentage
United Kingdom	\$ 1,191	16	\$ 1,135	16
United States	2,605	35	2,109	31
Mexico	3,513	47	3,480	51
All other	199	2	156	2
Total	\$ 7,508	100%	\$ 6,880	100%

The Group's non-current assets by location of assets are detailed below:

	Year ended 31 December 2015		Year ended 31 December 2014	
	Amount \$'000	Percentage	Amount \$'000	Percentage
United Kingdom	\$ 35	1	\$ 44	1
United States	3,489	94	2,880	95
Mexico	141	4	98	3
All other	26	1	24	1
Total	\$ 3,691	100%	\$ 3,046	100%

Notes forming part of the Group financial statements *continued*

for the year ended 31 December 2015

10. Finance income and expense

	2015 \$'000	2014 \$'000
<i>Finance income</i>		
Interest on deposits and investments	95	119
<i>Finance expense</i>		
Interest on finance leases	(2)	(3)

11. Tax expense

	2015 \$'000	2014 \$'000
Current tax on profit for the year	43	167
Deferred tax – origination and reversal of timing differences	(6)	2
Total tax expense	37	169

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the UK applied to profits for the year are as follows:

	2015 \$'000	2014 \$'000
Loss before tax	(7,683)	(5,961)
Expected tax credit based on the standard rate of corporation tax in the UK of 20.25% (2014: 21.49%)	(1,555)	(1,281)
Disallowable expenses	162	24
Share-based payment expense per accounts	174	138
Share-based payment expense per tax returns	—	1
Prior period R&D credit	(160)	—
Losses available for carryover	1,463	1,521
Losses utilised in the year	(530)	—
Amortisation of intangibles	(84)	(83)
Other temporary differences	567	(153)
Movement in deferred tax	—	2
Actual tax charge for the year	37	169

At 31 December 2015, the Group had a potential deferred tax asset of \$23,590,000, which includes tax losses available to carry forward of \$21,498,000 (being actual federal, foreign and state losses of \$80,617,000) arising from historical losses incurred and other timing differences of \$2,092,000.



Notes forming part of the Group financial statements *continued*

for the year ended 31 December 2015

11. Tax expense *continued*

Deferred tax asset	<i>Deferred taxation</i> \$'000
At 1 January 2015	21
Charged to the profit and loss account	6
At 31 December 2015	27

The deferred tax asset comprises of sundry timing differences.

12. Loss per share

Basic loss per ordinary share has been calculated on the basis of the loss for the year of \$7,720,000 (2014: loss of \$6,130,000) and the weighted average number of shares in issue during the period of 71,737,885 (2014: 71,490,056).

Equity instruments of 8,433,332 (2014: 5,938,921), which includes share options, the Value Creation Plan and the 2015 Employee Share Option Plan, as shown within Note 21, that could potentially dilute basic earnings per share in the future have been considered but not included in the calculation of diluted earnings per share because they are anti-dilutive for the periods presented. This is due to the Group incurring a loss on continuing operations for the year.

Notes forming part of the Group financial statements *continued*

for the year ended 31 December 2015

13. Intangible assets

	<i>Goodwill</i> \$'000	<i>Licenses and registrations</i> \$'000	<i>Trade name and customer relationships</i> \$'000	<i>Total</i> \$'000
Cost				
Balance at 1 January 2014	1,620	3,342	159	5,121
Additions – externally acquired	—	—	—	—
Balance at 31 December 2014	1,620	3,342	159	5,121
Additions – externally acquired	—	—	—	—
Balance at 31 December 2015	1,620	3,342	159	5,121
Accumulated amortisation				
Balance at 1 January 2014	—	1,958	159	2,117
Amortisation charge for the year	—	297	—	297
Balance at 31 December 2014	—	2,255	159	2,414
Amortisation charge for the year	—	272	—	272
Balance at 31 December 2015	—	2,527	159	2,686
Net book value				
At 31 December 2014	1,620	1,087	—	2,707
At 31 December 2015	1,620	815	—	2,435

The intangible asset balances have been tested for impairment using discounted budgeted cash flows. For the years ended 31 December 2014 and 2015, cash flows are projected over a five-year period with a residual growth rate assumed at nil%. For the years ended 31 December 2014 and 2015, a pre-tax discount factor of 16% and 15% has been used over the forecast period for the years ended 31 December 2014 and 2015, respectively.

Goodwill

Goodwill comprises of a net book value of \$1,432,000 related to the 2007 acquisition of the assets of Eden Bioscience and \$188,000 related to an acquisition of VAMTech LLC in 2004. The entire amount is allocated to Harpin, a cash generating unit within the Commercial – Americas segment. No impairment charge is considered necessary, and no reasonable possible change in key assumptions used would lead to an impairment in the carrying value of goodwill.

Licenses and registrations

These amounts represent the cost of licenses and registrations acquired in order to market and sell the Group's products internationally across a wide geography. These amounts are amortised evenly according to the straight-line method over the term of the license or registration. Impairment is reviewed and tested according to the method expressed above. Licenses and registrations have a weighted average remaining amortisation period of three years.



Notes forming part of the Group financial statements *continued*

for the year ended 31 December 2015

14. Property, plant and equipment

	<i>Production machinery</i> \$'000	<i>Office equipment</i> \$'000	<i>Leasehold improvements</i> \$'000	<i>Vehicles</i> \$'000	<i>Total</i> \$'000
Cost					
Balance at 1 January 2014	13	610	—	276	899
Additions	—	33	—	81	114
Disposals	—	—	—	(85)	(85)
Balance at 31 December 2014	13	643	—	272	928
Additions	—	345	570	148	1,063
Disposals	—	(151)	—	(68)	(219)
Balance at 31 December 2015	13	837	570	352	1,772
Accumulated depreciation					
Balance at 1 January 2014	11	428	—	184	623
Depreciation charge for the year	2	37	—	48	87
Disposals	—	—	—	(80)	(80)
Balance at 31 December 2014	13	465	—	152	630
Depreciation charge for the year	—	75	41	48	164
Disposals	—	(151)	—	(54)	(205)
Balance at 31 December 2015	13	389	41	146	589
Net book value					
At 31 December 2014	—	178	—	120	298
At 31 December 2015	—	448	529	206	1,183

The net book value of property, plant and equipment includes an amount of \$21,860 (2014: \$32,100) in respect of assets held under finance leases. Depreciation expense includes an amount of \$7,700 (2014: \$7,700) in respect of assets held under finance leases.

15. Inventories

	2015 \$'000	2014 \$'000
Raw materials	31	26
Finished goods and goods for resale	1,360	1,058
	1,391	1,084

The inventory provision amount reversed during the year was \$11,000 (2014: reversal of \$156,000).

Notes forming part of the Group financial statements *continued*

for the year ended 31 December 2015

16. Trade and other receivables

	2015 \$'000	2014 \$'000
<i>Current:</i>		
Trade receivables	3,581	2,570
Less: provision for impairment	(62)	(55)
Trade receivables, net	3,519	2,515
Other receivables and prepayments	935	195
Tax receivable	155	—
Current trade and other receivables	4,609	2,710
<i>Non-current:</i>		
Trade receivables	73	41
Less: provision for impairment	—	—
Non-current trade and other receivables	73	41
	4,682	2,751

The trade receivable current balance represents trade receivables with a due date for collection within a one-year period. The trade receivable non-current balance represents the present value of trade receivables with a collection period that exceeds one year.

Movements on the provision for impairment of trade receivables are as follows:

	2015 \$'000	2014 \$'000
Balance at the beginning of the year	55	12
Provided	12	50
Receivables written off as uncollectible	(3)	—
Unused amounts reversed	—	—
Foreign exchange	(2)	(7)
Balance at the end of the year	62	55

The gross value of trade receivables for which a provision for impairment has been made is \$98,000 (2014: \$79,000).

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivables set out above.



Notes forming part of the Group financial statements *continued*

for the year ended 31 December 2015

16. Trade and other receivables *continued*

The following is an analysis of the Group's trade and other receivables, both current and non-current, identifying the totals of trade and other receivables which are not yet due and those which are past due but not impaired.

	2015 \$'000	2014 \$'000
Current	3,303	2,333
Past due:		
Up to 30 days	3	147
31 to 60 days	14	11
61 to 90 days	163	—
Greater than 90 days	36	24
Total	3,519	2,515

The main factors used in assessing the impairment of trade receivables are the age of the balances and the circumstances of the individual customer.

17. Trade and other payables

	2015 \$'000	2014 \$'000
Current:		
Trade payables	1,651	619
Accruals	1,392	881
Restructuring provisions	—	309
Deferred income	—	22
Taxation and social security	16	—
Income tax liability	2	1
	3,061	1,832

The restructuring provision of \$309,000 was the remaining severance payment related to the relocation of the corporate office.

Notes forming part of the Group financial statements *continued*

for the year ended 31 December 2015

18. Finance leases

(a) Current borrowings

	2015 \$'000	2014 \$'000
Finance leases	8	10

(b) Non-current borrowings

	2015 \$'000	2014 \$'000
Finance leases	16	24

Finance lease obligations are secured by retention of title to the relevant equipment and vehicles.

(c) Due date for payment

The contractual maturity of the Group's financial liabilities on a gross basis is as follows:

	<i>Trade and other payables</i>		<i>Finance leases</i>	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
In less than one year	2,415	998	8	10
In more than one year, but less than two years	—	—	16	24
	2,415	998	24	34

19. Financial instruments

(a) Capital risk management

The Group manages its capital to ensure that all entities in the Group will be able to continue as going concerns, while maximising shareholder value through the optimisation of its debt and equity structure. The capital structure of the Group consists of cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and accumulated deficit as disclosed in Notes 21 and 22.



Notes forming part of the Group financial statements *continued*

for the year ended 31 December 2015

19. Financial instruments

(b) Categories of financial assets and financial liabilities

	<i>Fair value through profit or loss</i>		<i>Loans and receivables</i>	
	<i>2015</i>	<i>2014</i>	<i>2015</i>	<i>2014</i>
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
Financial assets				
Trade and other receivables	—	—	3,519	2,515
Investments	7,491	12,775	—	—
Cash and cash equivalents	—	—	948	3,898
	7,491	12,775	4,467	6,413
Financial liabilities				
			<i>Financial liabilities measured at amortised cost</i>	
			<i>2015</i>	<i>2014</i>
			<i>\$'000</i>	<i>\$'000</i>
Trade and other payables			2,415	998
Borrowings due within one year			8	10
Borrowings due after one year			16	24
			2,439	1,032

The amounts disclosed for all of the above financial assets and financial liabilities approximate fair value in all material respects.

(c) Investments

2015 – Investments

<i>Security type</i>	<i>Moody's rating</i>	<i>Face value</i>	<i>Coupon rate</i>	<i>Maturity date</i>	<i>2015 Value</i>
		<i>\$'000</i>			<i>\$'000</i>
Government	AAA	3,488	0.3% – 5.8%	15/01/16 – 01/02/21	3,510
Corporate*	>Aa3	1,809	0.4% – 2.0%	24/06/16 – 17/08/20	1,804
Corporate*	A1 – A3	1,080	0.9% – 5.7%	16/02/16 – 14/09/18	1,091
Corporate*	Baa1 – Baa2	1,077	0.7% – 6.3%	15/03/16 – 23/11/18	1,086
		7,454			7,491

Notes forming part of the Group financial statements *continued*

for the year ended 31 December 2015

19. Financial instruments *continued*

2014 – Investments

<i>Security type</i>	<i>Moody's rating</i>	<i>Face value</i> \$'000	<i>Coupon rate</i>	<i>Maturity date</i>	<i>2014 Value</i> \$'000
Government	AAA	5,448	0.3% – 5.7%	15/01/15 – 01/06/21	5,498
Corporate*	>Aa3	3,272	0.3% – 4.9%	01/05/15 – 15/07/20	3,277
Corporate*	A1 – A3	2,025	0.3% – 5.5%	09/01/15 – 10/05/18	2,035
Corporate*	Baa1 – Baa2	1,927	0.6% – 6.0%	01/05/15 – 18/01/18	1,965
		12,672			12,775

* Securities within this category have a coupon rate within the range shown or are variable rate securities.

The above instruments are Level 1 in the IFRS 13 fair value measurements hierarchy.

The Group limits its investments to instruments with maturities of less than five years having a rating at or exceeding investment grade in order to limit credit and liquidity risk. These investments are managed by an investment adviser and the portfolio's performance is reviewed by key management personnel. The aim of the portfolio includes both capital preservation and a rate of return that exceeds the rate available through the purchase of money market securities.

(d) *Liquidity risk*

The Group manages liquidity risk by maintaining adequate reserves and banking facilities, by reference to continuously monitored forecast and actual cash flows. As part of its monitoring, the Group ensures that the financial liabilities due to be paid can be met by existing cash and cash equivalents. Cash equivalents are composed of short-term investment grade securities and are readily marketable and convertible to cash. The Group does not currently generate sufficient cash from its operations to meet its annual funding needs. However, the Group is well funded due to an equity placement in April 2013 and is able to meet its obligations.

(e) *Financial risk management objectives*

The Group invests its surplus cash in bank deposits denominated in US dollars and British pounds, which earn interest at money market rates, and in short-term investments comprised of notes and bonds with maturities of less than five years and having investment grade ratings. In doing so, the Group exposes itself to fluctuations in money market interest rates and market price fluctuations.



Notes forming part of the Group financial statements *continued*

for the year ended 31 December 2015

19. Financial instruments *continued*

(f) Market risk

The Group is exposed to risk from movements in foreign currency exchange rates, interest rates and market prices that affect its assets, liabilities and anticipated future transactions.

The Group is exposed to foreign currency risk from transactions and from translating the monetary net assets of overseas entities denominated in currencies other than functional currency. Transaction exposure arises because affiliated companies undertake transactions in foreign currencies. The Group does not use forward foreign exchange rate contracts to hedge exchange rate risk.

The US dollar carrying amounts of the Group's material foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	<i>Assets</i>		<i>Liabilities</i>	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Euro	68	40	24	6
Pound	1,402	1,651	46	47
Mexican peso	1,297	1,459	183	418

If the exchange rate on uncovered exposures were to move significantly there would be foreign exchange differences on the retranslation of financial assets and liabilities and an impact on the Group's gross profit. However, this impact would not be material to the Group's financial statements and, therefore, no analysis of the sensitivities has been presented.

(g) Price risk

The Group is exposed to price risk on its investments. To manage the price risk arising from investments in securities, the Group limits its portfolio to include only investment grade securities on active exchanges having maturities of less than five years.

(h) Interest rate risk

The Group is exposed to interest rate risk on its cash and investment balances. To manage the interest rate risk, the Group limits its portfolio to cash and investment grade securities on active exchanges having maturities of less than five years.

If interest rates were to move significantly, finance revenues could be affected. However, this impact would not be material to the Group's financial statements and, therefore, no analysis of the sensitivities has been presented.

The Group is exposed to interest rate risk on its cash deposits, which earn interest at a variable rate of interest.

The Group's borrowings comprise finance leases, which are at fixed rates.

The Group does not utilise any hedging instruments to address interest rate risk.

Notes forming part of the Group financial statements *continued*

for the year ended 31 December 2015

19. Financial instruments *continued*

(i) Credit risk management

The Group's principal credit risk relates to the recovery of trade receivables. In order to manage credit risk, the Group sets limits for customers based on a combination of payment history and third-party credit references. Credit limits are reviewed on a regular basis in conjunction with debt ageing and collection history. Balances that are beyond agreed upon terms are actively followed up to ensure collection.

The Group sells to a large number of customers across international locations within the United States, Europe and Mexico.

Further details on trade receivables, including analysis of bad debts and ageing, are given in Note 16.

The Group manages the credit risk on its investments by limiting investments to notes and bonds with maturities of less than five years having investment grade ratings.

The Group believes the credit risk on liquid funds, being cash and cash equivalents, is limited because the counterparties are banks with high-credit ratings assigned by international credit-rating agencies. However, the concentration of credit risk by counterparty does exceed 10% of the overall cash and cash equivalent balance.

The maximum exposure to credit risk on cash balances at the reporting date is the carrying value of the cash balances. The Group ensures that its investments are maintained in high quality investment grade securities to limit credit risk.

20. Subsidiary undertakings

The following were subsidiary undertakings of the Company at 31 December 2015:

<i>Name</i>	<i>Country of incorporation or registration</i>	<i>Proportion of voting rights and ordinary share capital held</i>	<i>Nature of business</i>
Plant Health Care, Inc.	USA (Nevada)	100%	Holding company
Plant Health Care, Inc.	United States (Nevada)	100%	Holding company
Plant Health Care, Inc.	United States (Pennsylvania)	100%*	Sales
Plant Health Care de Mexico S. de R.L. de C.V.	Mexico	100%*	Sales
Plant Health Care (UK) Limited	United Kingdom	100%*	Sales
Plant Health Care España	Spain	100%*	Sales
VAMTech, LLC	United States (Delaware)	100%*	Sales

* Held indirectly.

For all undertakings listed above, the country of operation is the same as its country of incorporation or registration.



Notes forming part of the Group financial statements *continued*

for the year ended 31 December 2015

21. Share capital

(a) Issued share capital

	2015 \$'000	2014 \$'000
Allotted, called up and fully-paid share capital:		
71,855,085 (2014: 71,709,705) ordinary shares at £0.01 each	1,236	1,234

(b) Movement in share capital

The movements on issued share capital are as follows:

	Ordinary shares of Plant Health Care plc Number	\$'000
In issue at 1 January 2014	70,565,730	1,215
Share options exercised	1,143,975	19
In issue at 31 December 2014	71,709,705	1,234
Shares issued for services rendered	25,880	—
Shares issued	7,500	—
Share options exercised	112,000	2
In issue at 31 December 2015	71,855,085	1,236

During the year ended 31 December 2014, the following fully-paid £0.01 ordinary shares in the Company were issued:

- i. 1,143,975 shares with an aggregate value of \$708,000 were issued for the exercise of share options at an exercise price of £0.37 per share.

During the year ended 31 December 2015, the following fully-paid £0.01 ordinary shares in the Company were issued:

- i. 12,000 shares with an aggregate value of \$10,000 were issued for the exercise of share options at an exercise price of £0.53 per share.
- ii. 100,000 shares with an aggregate value of \$95,000 were issued for the exercise of share options at an exercise price of £0.62 per share.
- iii. 25,880 ordinary shares with an aggregate value of \$42,428 were issued to one of the Group's officers in lieu of a cash bonus.
- iv. A former shareholder of Plant Health Care, Inc. was awarded 7,500 Plant Health Care plc shares at nominal value.

Notes forming part of the Group financial statements *continued*

for the year ended 31 December 2015

21. Share capital *continued*

(c) Other equity instruments

The Company had the following other equity instruments in issue at 31 December 2015 and 2014:

	2015 Number	2014 Number
Share awards under the VCP	5,335,544	4,866,569
Share options	3,097,788	1,072,352
	8,433,332	5,938,921

(d) Share options

The Company has issued share options to certain employees under the Plant Health Care plc Unapproved Share Option Scheme 2004. In 2014, the scheme reached the tenth anniversary of its approval by shareholders; no further options may be granted. At the time of its admission to AIM, the Company also agreed to honour outstanding options under the Plant Health Care, Inc. 2001 Equity Incentive Plan. No further options have been or will be issued under that Plan. In addition, in limited instances, the Company has granted options to certain management for ordinary share capital of the Company under separate unapproved option agreements.

The movements on share options are as follows:

	<i>Options over ordinary shares</i>			<i>Weighted average exercise price</i>
	<i>Directors and former directors</i>	<i>Other</i>	<i>Total</i>	
Outstanding at 1 January 2014	1,220,852	1,087,000	2,307,852	84p
Awarded	200,000	—	200,000	60p
Exercised	(918,975)	(225,000)	(1,143,975)	37p
Forfeited	(56,025)	(235,500)	(291,525)	71p
Outstanding at 31 December 2014	445,852	626,500	1,072,352	141p
Awarded	89,686	—	89,686	112p
Exercised	—	(112,000)	(112,000)	61p
Forfeited	—	(8,500)	(8,500)	62p
Outstanding at 31 December 2015	535,538	506,000	1,041,538	147p

Of the total number of options outstanding at 31 December 2015, 494,000 (2014: 599,000) had vested and were exercisable. The weighted average exercise price was 223p (2014: 195p).

The weighted average share price at the dates of exercise for the share options exercised during 2015 was 61p (2014: 56p).

The options outstanding at 31 December 2015 have a weighted average remaining life of 3.53 years (2014: 4.24 years) and the range of exercise prices is 53p to 325p (2014: 53p to 325p).



Notes forming part of the Group financial statements *continued*

for the year ended 31 December 2015

21. Share capital *continued*

(e) Value creation plan

The Chairman, CEO and key members of senior management participate in a value creation based long-term incentive plan (VCP).

The movements in VCP awards are as follows:

	<i>Directors</i>	<i>Other</i>	<i>Total</i>	<i>Weighted average exercise price</i>
Outstanding at 1 January 2014	2,571,821	2,294,748	4,866,569	76p
Awarded	—	—	—	—
Outstanding at 31 December 2014	2,571,821	2,294,748	4,866,569	76p
Awarded	—	468,975	468,975	93p
Outstanding at 31 December 2015	2,571,821	2,763,723	5,335,544	77p

Of the total number of options outstanding at 31 December 2015 and 2014, none had vested and were exercisable.

The options outstanding at 31 December 2015 have a weighted average remaining life of 1.3 years (2014: 2.3 years) and the range of exercise prices is 55p to 111p (2014: 55p to 80p).

(f) 2015 Employee Share Option Plan

	<i>Directors</i>	<i>Other</i>	<i>Total</i>	<i>Weighted average exercise price</i>
Outstanding at 31 December 2014	—	—	—	—
Awarded	1,790,000	443,750	2,233,750	103p
Forfeited	—	(177,500)	(177,500)	89p
Outstanding as 31 December 2015	1,790,000	266,250	2,056,250	105p

Of the total number of options outstanding at 31 December 2015, none had vested and were exercisable.

The options outstanding at 31 December 2015 have a weighted average remaining life of 3.5 years and the range of exercise prices is 89p to 107p.

Notes forming part of the Group financial statements *continued*

for the year ended 31 December 2015

22. Reserves

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

<i>Reserve</i>	<i>Description and purpose</i>
Share capital	Amount subscribed for share capital at nominal value.
Share premium	Amount subscribed for share capital in excess of nominal value.
Reverse acquisition reserve	Reserve recognised in the share-for-share exchange transaction accounted for as a reverse acquisition by the Group. During the year ended 31 December 2014, the Company transferred the amounts in the reverse acquisition reserve into accumulated deficit.
Share-based payment reserve	Cumulative net cost of equity-settled share-based payment transactions. During the year ended 31 December 2014, the Company transferred the amounts in the share-based payment reserve into accumulated deficit.
Foreign exchange reserve	Gains/losses on retranslating the net assets of overseas operations.
Accumulated deficit	Cumulative net gains and losses recognised in the consolidated income statement. During the year ended 31 December 2014, the Company transferred the amounts in the share-based payment reserve and reverse acquisition reserve into retained earnings.

23. Pensions

The Group does not maintain any defined benefit pension plans. The Group does maintain a retirement plan qualified under Section 401(k) of the United States Internal Revenue Code. This plan covers all US employees. In 2015, the Group's pension expense under the scheme was \$32,360 (2014: \$21,250). Mexico has a government-run pension plan to which our operations there must contribute. In 2015, the expense for this plan was nil (2014: nil). Several United Kingdom employees receive contributions to their pension plans. The expense for this was \$10,028 (2014: \$10,088). The total pension liability at the end of the year was \$42,400 (2014: \$31,300).



Notes forming part of the Group financial statements *continued*

for the year ended 31 December 2015

24. Leases

Finance leases - as lessee

The Group leases vehicles, production equipment and office equipment on leases classified as finance leases.

Future lease payments are due as follows:

2015

	<i>Minimum lease payments \$'000</i>	<i>Interest \$'000</i>	<i>Present value \$'000</i>
Not later than one year	9	1	8
Later than one year and not later than five years	17	1	16
	26	2	24

2014

	<i>Minimum lease payments \$'000</i>	<i>Interest \$'000</i>	<i>Present value \$'000</i>
Not later than one year	12	2	10
Later than one year and not later than five years	27	3	24
	39	5	34

Operating leases

The Group leases all of its properties, as well as office equipment. The terms of property leases vary from country to country and tend to have rent reviews at the end of the lease term for renewal purposes.

The total present values of minimum lease payments are due as follows:

	<i>2015 \$'000</i>	<i>2014 \$'000</i>
Not later than one year	275	209
Later than one year and not later than five years	957	228
	1,232	437

Notes forming part of the Group financial statements *continued*

for the year ended 31 December 2015

25. Standards, amendments and interpretations to published standards not yet effective

The IASB and the International Financial Reporting Interpretations Committee ('IFRIC') have issued the following standards and interpretations to be applied to financial statements with periods commencing on or after the following dates:

IFRS 15 "Revenue from Contracts with Customers" (effective for periods beginning on or after 1 January 2018). This standard is intended to clarify the principles of revenue recognition and establish a single framework for revenue recognition. The standard has not yet been endorsed by the European Union.

On 13 January 2016, the IASB issued IFRS 16, "Leases," which provides lease accounting guidance. Under the new guidance, lessees will be required to present right-of-use assets and lease liabilities on the statement of financial position. At the lease commencement date, a lessee is required to recognise a lease liability, which is the lessee's discounted obligation to make lease payments arising from a lease, as well as a right of use asset, representing the lessee's right to use, or control the use of, a specified asset for the lease term. IFRS 16 is effective for annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted for entities that apply IFRS 15, "Revenue from Contracts with Customers," at or before the initial application of IFRS 16. IFRS 16 has not yet been endorsed by the European Union.

In July 2014, the IASB issued the final version of IFRS 9, "Financial Instruments", which reflects all phases of the financial instruments project and replaces IAS 39, "Financial Instruments: Recognition and Measurement" and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. IFRS 9 has not yet been endorsed by the European Union.

Amendments to IAS 1 (effective 1 January 2016) are designed to further encourage companies to apply professional judgment in determining what information to disclose in their financial statements. The changes clarify that companies should use professional judgment in determining where and in what order information is presented in the financial disclosures.

No other standards or amendments are considered likely to have an effect on the financial statements going forward. Plant Health Care plc is still considering the impact the above changes may have.



Company balance sheet

at 31 December 2015

	Note	2015 \$'000	2014 \$'000
Fixed assets			
Fixed asset investments	32	28,414	28,121
Current assets			
Debtors	34	670	25
Cash at bank and in hand		99	960
Total current assets		769	985
Creditors: amounts falling due within one year	35	622	25
Net current assets		147	960
Total assets less current liabilities		28,561	29,081
Capital and reserves			
Called-up share capital	30	1,236	1,234
Share premium	30	71,040	70,895
Accumulated deficit	30	(43,715)	(43,048)
Shareholders' funds		28,561	29,081

The financial statements were approved and authorised for issue by the Board on 8 April 2016.

P. Schmidt

Director

Registered No: 05116780 (England and Wales)

The notes on pages 74 to 77 form part of these financial statements.

Company statement of changes in equity

	Share capital \$'000	Share premium \$'000	Reverse acquisition reserve \$'000	Share-based payment reserve \$'000	Accumulated deficit \$'000	Total \$'000
Balance at 1 January 2014	1,215	70,206	14,455	2,256	(53,154)	34,978
Share-based payments reclassification	—	—	—	(2,256)	2,256	—
Share-based payments	—	—	—	—	503	503
Reverse acquisition reserve reclassification	—	—	(14,455)	—	14,455	—
Exercise of share options	19	689	—	—	—	708
Loss in the year	—	—	—	—	(7,108)	(7,108)
Balance at 31 December 2014	1,234	70,895	—	—	(43,048)	29,081
Shares issued	—	42	—	—	—	42
Share-based payment	—	—	—	—	860	860
Exercise of share options	2	103	—	—	—	105
Loss in the year	—	—	—	—	(1,527)	(1,527)
Balance at 31 December 2015	1,236	71,040	—	—	(43,715)	28,561

The notes on pages 74 to 77 form part of these financial statements.



Notes forming part of the Company financial statements

for the year ended 31 December 2015

26. Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with FRS 102 the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland. The principal accounting policies, which have been applied consistently, are set out below. Information on the impact of first-time adoption of FRS 102 is given in Note 38.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. See Note 27.

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- Only one reconciliation of the number of shares outstanding at the beginning and end of the period has been presented as the reconciliations for the Group and the parent company would be identical;
- No cash flow statement has been presented for the parent company;
- Disclosures in respect of the parent company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the Group as a whole;
- Disclosures in respect of the parent company's share-based payment arrangements have not been presented as equivalent disclosures have been provided in respect of the Group as a whole; and
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the Group as a whole.

Investments

Fixed asset investments comprise investments by the Company in the shares of subsidiary undertakings and loans to Group undertakings. At the end of each financial period, the directors review the carrying amount of the Company's investments with reference to forecast discounted future cash flows and related estimates and judgments to determine whether there is any indication that those assets have suffered an impairment loss. They are stated at cost less any provision where, in the opinion of the directors, there has been impairment.

Share-based payments

The Company operates a number of equity-settled, share-based payment plans, under which it receives services from employees and non-employees as consideration for the Company's equity instruments, in the form of options or restricted stock units ("awards"). The fair value of the awards is recognised as an expense, measured as of the grant date using a binomial option pricing model. The total amount to be expensed is determined by reference to the fair value of instruments granted, excluding the impact of any service and non-market performance vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is typically the period over which all of the specified vesting conditions are to be met.

Notes forming part of the Company financial statements *continued*

for the year ended 31 December 2015

26. Accounting policies *continued*

The Company grants share options and shares under its share-based payment plans directly to employees of its subsidiaries. In accordance with the provisions of the plan, the cost of the share-based payments will be recorded by each subsidiary as an expense, with a corresponding increase in equity as a contribution from the parent.

The Company, over whose shares options are issued, recognises an increase in the investment in the related subsidiary and a credit to accumulated deficit.

Deferred taxation

Deferred tax balances are recognised in respect of timing differences that have originated but not reversed by the balance sheet date. However, where there is uncertainty over the timing of their realisation, deferred tax assets are not recognised.

27. Judgment in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following judgments:

- At the end of the financial period, the Company reviews the carrying amounts of its fixed asset investments to determine whether there is any indication that those assets have suffered any impairment loss. The recoverable amount is determined based on a value-in-use calculation. The use of this method requires the estimation of future cash flows and the choice of a discount rate in order to calculate the present value of the cash flows. Actual outcomes may vary.

28. Loss for the financial year

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements. The Group loss for the year includes loss after tax of \$1,527,000 (2014: loss of \$7,108,000), which is dealt with in the financial statements of the parent company.

29. Share-based payments

See Note 21 of the Group financial statements.

30. Reserves

See Note 22 of the Group financial statements for a description of the nature and purpose of each reserve within owner's equity.

31. Directors' remuneration

The directors' remuneration for the Company is disclosed in Note 7 of the Group financial statements.



Notes forming part of the Company financial statements *continued*

for the year ended 31 December 2015

32. Fixed asset investments

	<i>Shares in Group undertakings \$'000</i>	<i>Loans to Group undertakings \$'000</i>	<i>Total \$'000</i>
Cost			
Cost at 1 January 2014	16,915	54,486	71,401
Additions, net of repayments	—	898	898
Cost at 31 December 2014	16,915	55,384	72,299
Additions, net of repayments	—	293	293
Cost at 31 December 2015	16,915	55,677	72,592
Impairments			
Impairments at 1 January 2014	(16,915)	(21,464)	(38,379)
Additions	—	(5,799)	(5,799)
Impairments at 31 December 2014	(16,915)	(27,263)	(44,178)
Additions	—	—	—
Impairments at 31 December 2015	(16,915)	(27,263)	(44,178)
Net book value			
At 31 December 2014	—	28,121	28,121
At 31 December 2015	—	28,414	28,414

The fixed asset investment balances have been tested for impairment using discounted budgeted cash flows, a pre-tax discount rate of 15% (2014: 16%), and performance projections over five years. The calculated net present value in this review is \$49,205,000 (2014: net present value \$28,121,000), which caused an impairment of nil in 2015 (2014: impairment \$5,799,000).

33. Subsidiary undertakings

The subsidiary undertakings of the Company are disclosed in Note 20 of the Group financial statements.

34. Debtors

	<i>2015 \$'000</i>	<i>2014 \$'000</i>
Prepayments	670	25

All amounts fall due within one year.

Notes forming part of the Company financial statements *continued*

for the year ended 31 December 2015

35. Creditors

	2015	2014
	\$'000	\$'000
Trade creditors	622	25
Accruals	—	—
	622	25

36. Share capital

The share capital of the Company is disclosed in Note 21 of the Group financial statements.

37. Company reconciliation of movements in shareholders' funds

	2015	2014
	\$'000	\$'000
Total recognised loss relating to the year	(1,527)	(7,108)
Shares issued	42	—
Exercise of share options	105	708
Share-based payment charge	860	503
Net decrease in shareholders' funds	(520)	(5,897)
Opening shareholders' funds	29,081	34,978
Closing shareholders' funds	28,561	29,081

38. First-time adopter of FRS 102

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted equity or profit or loss.

39. Related party transactions

The Company has taken advantage of the exemption allowed by Financial Reporting Standard 102, "Related Party Transactions", not to disclose any transactions with its wholly-owned subsidiary companies as these are included within the consolidated financial statements of the Group.

On 16 January 2015, the Company assigned to Plant Health Care (UK) Ltd. all its rights, title, interest and benefits in a facility agreement between the Company and Plant Health Care, Inc. in the amount of £10,000,000 to finance certain of the Group's research and design activities.



For your notes



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