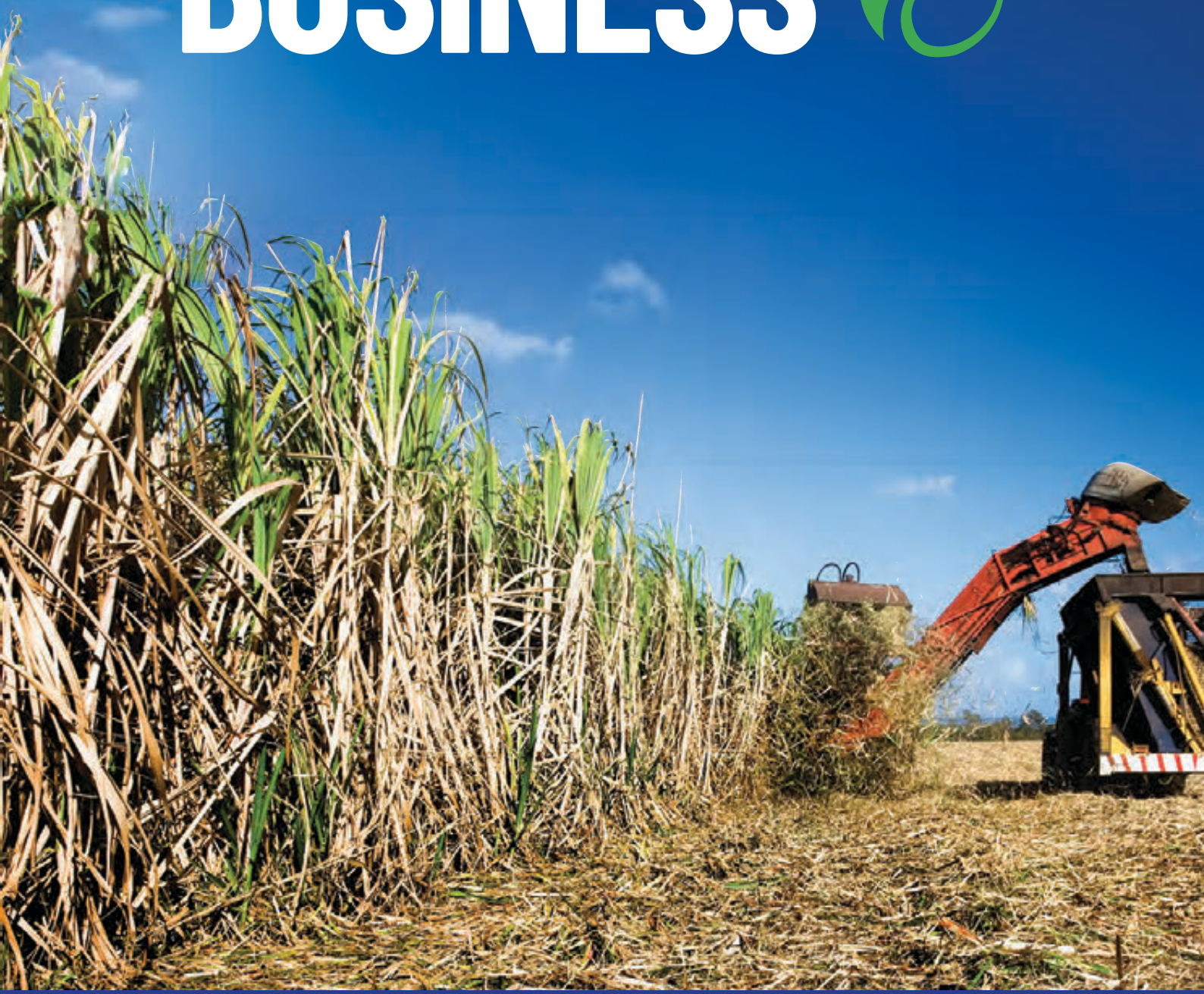
GROWING OUR BUSINESS



PLANT HEALTH CARE PLC
ANNUAL REPORT AND ACCOUNTS 2018

WE ARE A LEADING PROVIDER OF PROPRIETARY BIOLOGICAL PRODUCTS TO GLOBAL AGRICULTURE MARKETS

We offer products to improve the health, vigour and yield of major field crops such as corn, soybeans, cotton and rice, as well as speciality crops such as fruits and vegetables. We operate globally through subsidiaries, distributors and supply agreements with major industry partners.

Our innovative, patent-protected biological products help growers to protect their crops from stress and diseases, and to produce higher quality fruit and vegetables, with a favourable environmental profile.

WHY INVEST IN US

- Leading provider of proprietary biological products for agriculture
- Commercial business growing at 20% CAGR; generating cash from 2018 on
- Validated technology platforms with strong IP estate: Plant Response Elicitors – PRE*tec*
- Launching PRE*tec* products from 2021 onwards
- Management highly experienced in agricultural R&D, licensing and sales
- Targeting cash positive in 2020 within existing cash reserves; strict control of expenses

Visit our new website:
www.planthealthcare.com
Access the online annual report:
ar18.planthealthcare.com

HIGHLIGHTS FOR 2018

OPERATIONAL

- Harpin αß was launched into sugarcane in Brazil in February 2018, which is a 10 million hectares opportunity. Over 20,000 hectares treated so far, a promising start.
- Harpin αß was launched into US corn in September 2018, which is a 90 million acre market. First use in the field will be in the second quarter of 2019.
- The Company won the global award of Best New Biological Product for work on Citrus in Spain.
- Nine companies, including all five of the top global agricultural/seed companies, tested peptides from our PRE*tec* platforms during 2018.
- PRE*tec* product pipeline defined, targeting $5 billion market opportunities.
- Regulatory submission to EPA for first PRE*tec* peptide made in August 2018.
- Substantial progress made in developing cost-effective production of PRE*tec* peptides.
- New strategy for commercialisation of PRE*tec*: both technology licensing and direct sales to distributors.

FINANCIAL

- Revenue from commercial products in 2018 increased by 5% to $8.1 million (2017: $7.7 million); Strong external sales growth in the Americas (up 105%) was offset by weaker sales in Rest of World due to slower draw-down of inventory.
- Sales of core Harpin αß products increased by 10% (8% in constant currency*), driven by broadly based growth in many countries. Harpin αß and Myconate® products represented 68% of sales in 2018 (2017: 69%).
- Gross Margin increased to 65% (2017: 62%).
- Adjusted LBITDA** reduced to $5.4 million (2017: $5.5 million).
- Cash, cash equivalents and investments at 31 December 2018 were $4.3 million (2017: $3.9 million).
- On 27 February 2018, the Group successfully raised $6.7 million (net of costs) which was well supported by existing shareholders and brought in a number of new institutional investors.

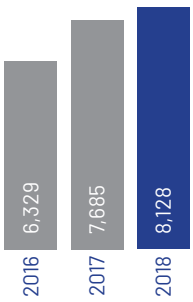
* Constant currency is defined on page 11.

** Adjusted LBITDA: Loss before Interest, tax, depreciation, amortisation, share based payments and intercompany foreign exchange.

REVENUE

($'000)

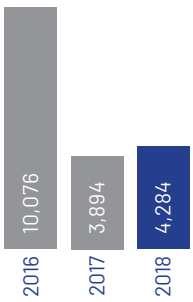
$8,128



CASH AND INVESTMENTS

($'000)

$4,284



A YEAR OF GROWTH

2018 has been a year of product launches, exploration into new markets and encouraging new technology trials.

2018

FEB

$6.7 MILLION RAISED

The Group successfully raised $6.7 million (net of costs) which was well supported by existing shareholders and brought in a number of new institutional investors.

JUL

HARPIN αß LAUNCHED INTO SUGARCANE IN BRAZIL

In 2018, demonstration field trials showed an average yield increase of over 20%. Initial demand from growers was very encouraging (20,000 hectares treated). We confidently expect sales in Brazilian sugarcane to build over the coming years.

Read more about the successful launch of Harpin αß in Brazil on p.6

"We are very encouraged by progress with ramping up Harpin αß sales in the US and Brazil. The Board is confident of the Company becoming cash positive no later than 2020, within our existing cash reserves."

Dr Christopher Richards
Executive Chairman and Interim Chief Executive Officer

SEASONALITY OF REVENUE

Sales to some of our distributors are done in advance of the year-end in order to secure their inventory levels for next year's growing season.

SEP

CORN SEED TREATMENT LAUNCH

Harpin αß has been launched as a seed treatment product for field corn in the US and will be marketed and sold as a mixture product by a leading supplier to the US corn grower. Excellent opportunity for Plant Health Care to gain access to the 90 million acre US corn market.

H1 – POSITIVE PEPTIDE RESULTS

In the first half of 2018, evaluation partners reported positive results with our lead peptides in a range of more than 10 crops, uses and regions.

NOV

HARPIN αß WINS PRESTIGIOUS GLOBAL AWARD

Plant Health Care awarded the prestigious global Best New Biological Product award for work with Harpin αß in citrus in Spain.

ADDITIONAL PRE*tec* AGREEMENTS SIGNED

Three more global agricultural/seed companies have signed agreements to evaluate Plant Health Care's PRE*tec* product candidates on multiple crops on three continents. These new collaborators are seeking novel, low toxicity biological products such as PRE*tec*, to enable farmers to be more productive with lower environmental impact.

Read more about PRE*tec* on p.7

DEC

INNATUS 3G FIELD TRIALS

We are continuing field trials with the Group's Innatus 3G peptide PHC279 against Asian Soybean Rust (ASR) in Brazil.

SOUTH AFRICAN DROUGHT

South Africa experienced a prolonged drought in 2018 which has resulted in slower draw-down than expected on in-market inventory.

WHAT WE DO...

Farmers confront many challenges in providing food for a rapidly growing and more prosperous world. These challenges include reducing the use of potentially harmful agrochemical products. Biological products are becoming an increasingly important part of the solution because of the benefits they offer.

COMMERCIAL

Plant Health Care's Commercial business is driven by sales of Harpin αß, a recombinant protein which acts as a powerful biostimulant, promoting the yield and quality of crops. The Group sells the proprietary soil treatment Myconate in selected countries. The Group sells Harpin αß and Myconate through specialist distributors around the world. In Mexico, the Group also distributes third-party biological products.

NEW TECHNOLOGY

Plant Health Care's New Technology is focused on PRE*tec* – plant response elicitors. These are peptides (short chains of amino acids) which stimulate plants to increase yield and resist disease. The Group has so far launched four platforms of PRE*tec*, which have been under evaluation by nine potential licence partners in 2018.

PRODUCTS

HARPIN αß	MYCONATE

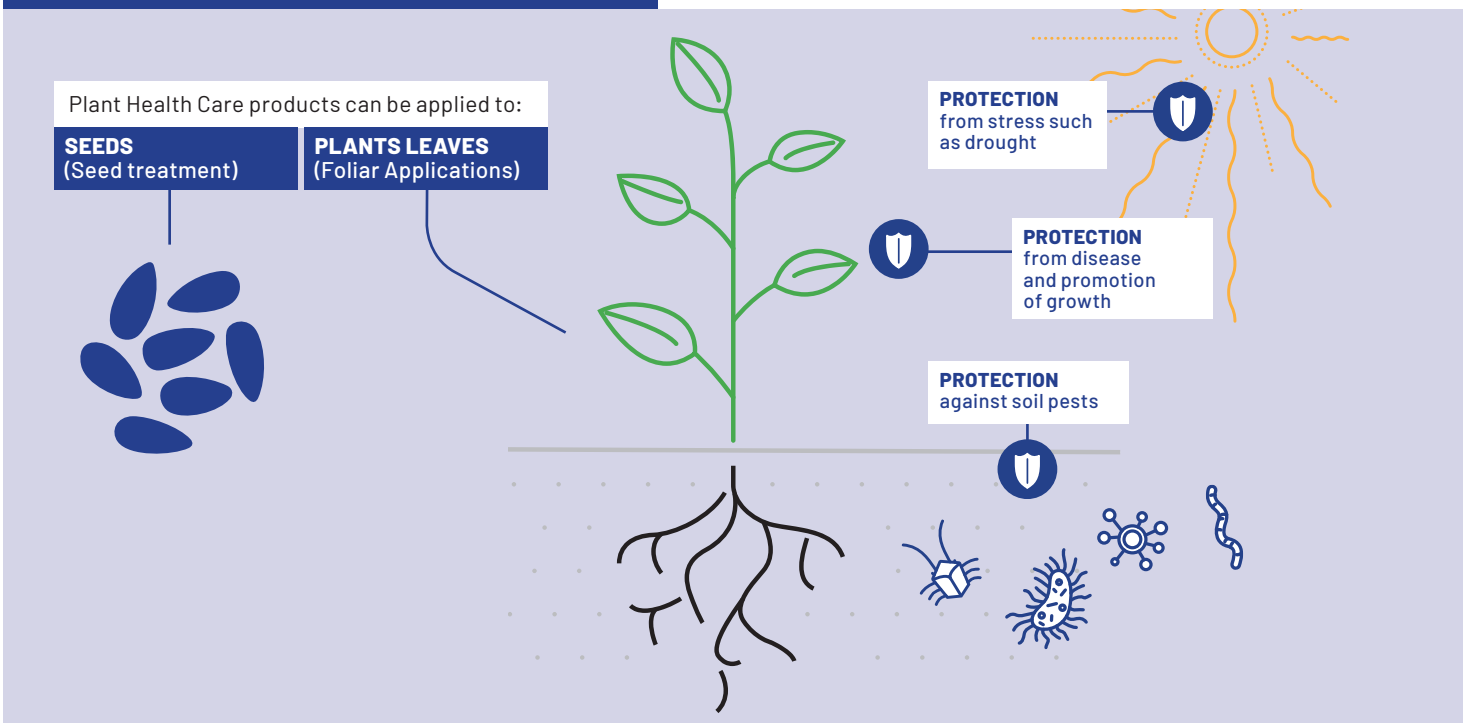
Read more about our commercial offerings on p. 6

TECHNOLOGY

PREtec		
INNATUS 3G	T-REX 3G	Y-MAX 3G

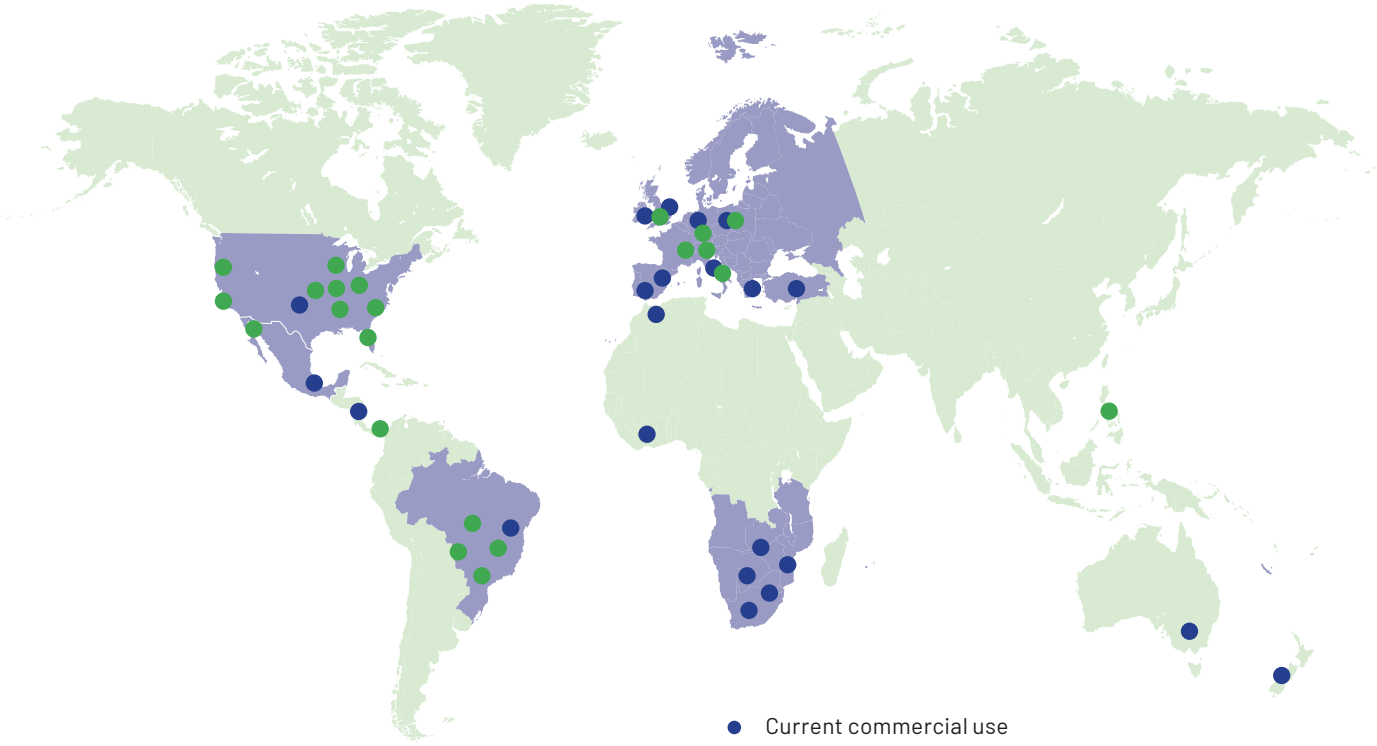
Read more about new technology on p. 7

HOW IT WORKS



DEMAND FOR BIOLOGICAL PRODUCTS IS INCREASING RAPIDLY.

...AND WHERE WE DO IT



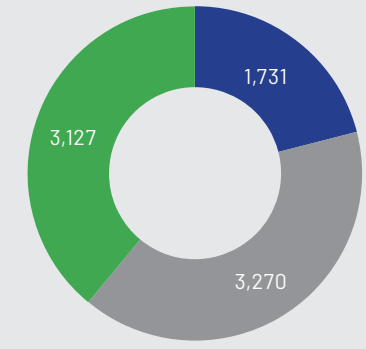
WHAT ARE THE ADVANTAGES OF BIOLOGICAL PRODUCTS?

- Safer products do not contaminate soils or the environment
- Cheaper to develop than conventional agrochemicals
- Promotion of sustainable agriculture
- Safer for farmers to handle

As a result of these advantages, regulatory authorities around the world are adopting accelerated regulations, which allow biological products to come to market more quickly than conventional agrochemicals.

2018 SALES SPLIT BY REGION

($'000)



Read more about commercial sales on p. 6

HOW WE ARE IMPROVING THE MARKET

COMMERCIAL

HARPIN αß

Harpin αß is an exceptionally powerful biostimulant, which stimulates the plant's natural defence systems. The result is increased yield, quality and improved resistance to soil pests and disease. Harpin αß is a recombinant protein, developed from the original research at Cornell University by the Company's Chief Science Officer Dr Zhongmin Wei on naturally occurring Harpin proteins.

Sales of Harpin αß have grown at 20% CAGR over the six years to 2018, since we adopted a strategy of expanding registrations and developing distribution through new partners. We are now able to sell Harpin αß in more than 14 countries. Sales were developed initially in a range of fruit and vegetable crops in the USA, Mexico, Europe and Africa. The focus over the last three years has been to enter into larger scale arable or row crops (such as corn, soy and sugarcane), which provide much larger sales opportunities.

In Mexico, Harpin αß is now well-established as a biostimulant for vegetables such as bell peppers, which are grown in greenhouses for export to the USA. The Company is a significant player in the application of Harpin αß in the bell pepper market in the Sinaloa/Baja California area of Mexico, delivering increased yield of higher quality product. The Group now sells in excess of $0.5 million of Harpin αß in Mexico.

In Spain, the Group has been developing Harpin αß to improve the quality of citrus fruits over the last five years. Studies in co-operation with Barcelona University have shown that applications of Harpin αß result in more uniform skin formation and colour. The practical result is that growers have a higher proportion of their fruit which grades as export quality, thereby increasing their economic returns. This work was recognised in November 2018 in the prestigious Agrow Awards, which evaluates agricultural inputs from all around the world; the Company was awarded Best New Biological Product. The Group now makes sales of $0.6 million in Spain.

After four years of trials, the Group launched Harpin αß into sugarcane in Brazil in February 2018. There are 10 million hectares of sugarcane in Brazil, of which more than 50% are in Sao Paulo State. Demonstration trials have shown very substantial yield improvements, with average yield increase up to 20%, from a single foliar application of Harpin αß. The product was launched under the brand H2Copla, exclusively in Sao Paulo state by Coplacana, the leading sugarcane cane co-operative, which services more than 70% of the sugarcane hectares in Sao Paulo State. The launch was very well received; the Group sold approximately $1.0 million into this market in 2018.

Also in Brazil, the Group is developing sales into soy, which is grown on 35 million hectares. Harpin αß is applied as a seed treatment in soy and results in increased yields. Initial sales were made in the fourth quarter of 2018, through GAIA, a strong distributor in the Mato Grosso.

After several years of trials, the Group launched Harpin αß into corn in September 2018. In this case, Harpin αß is sold as a mixture product for on-farm seed treatment. The product is being sold by a leading distributor of inputs to corn growers, which supplies products into the 90 million acre US corn market. The Group sold $1.6 million for this launch in 2018; this product will be used on farm during the spring of 2019.

The Group is now launching Harpin αß into soy, through the same distributor in the USA. The product was introduced into the market on a small scale (a soft launch) in early 2019; if results are promising, the product is expected to be sold on a larger scale in the latter part of 2019.

BENEFITS OF HARPIN αß IN BRAZIL

- There are 10 million hectares of sugarcane in Brazil*.
- Coplacana, our distributor, is the largest supplier of inputs for sugarcane in Sao Paulo state (5 million hectares).
- Applications of H2Copla (Harpin αß) have been shown to increase sugarcane yield by as much as 20% resulting in a potential 20 times return for the grower**.
- Coplacana launched the H2Copla brand in February 2018.

* Based on 2016 sugarcane harvested data and 2017/2018 projected data from USDA Foreign Agricultural Service's GAIN report dated 19 April, 2017.

** Yield increase based on Plant Health Care field trials conducted on sugarcane in Brazil in 2017; Value and ROI based on cost data from Agrianual 2016 FNP – Informa report.

NEW TECHNOLOGY

PRE*tec*

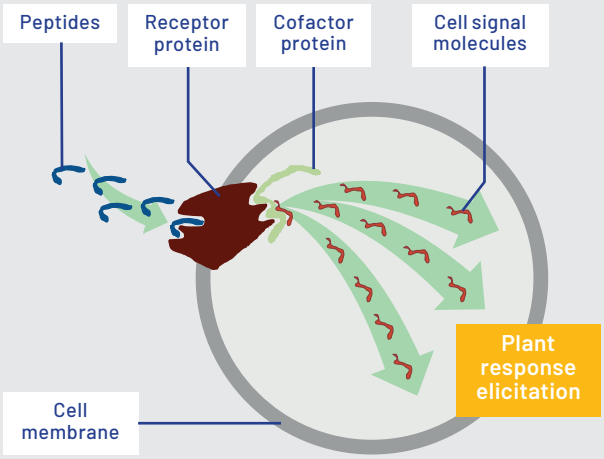
PRE*tec* (Plant Response Elicitor technology) is our core new technology, inspired by harpin proteins found in nature. Based on our unique understanding of how key amino acid sequences elicit a desired response in target crops, we are able to design families of peptides (chains of amino acids) that when applied to crops provide increased growth, disease resistance and other benefits for farmers. We have so far designed and filed patent applications for four peptide platforms from our research; three of these have been named and all four have been launched with partners. Each family of related peptides is considered its own platform, all covered by extensive patent filings. In the chart below, 3G signifies third generation product candidates (distinct from the second generation commercial Harpin αß products). In addition, we have a fourth generation (4G) platform, consisting of the use of custom genes within plants and microbes to express the desired PRE*tec* protein.

PRE*tec*: four patent-pending platforms

Since 2012, the Group has conducted extensive laboratory, greenhouse and field trials, in our own facilities, with co-operators and with more than 10 evaluation partners. These trials have demonstrated the potential of our lead PRE*tec* peptides in a wide range of crops to deliver targeted agronomic benefits, such as stronger root growth, resistance to attack by fungi and soil pests (nematodes) and improved recovery from the effects of drought. In parallel, we are well advanced in development of production methods, which hold out the promise of PRE*tec* peptides being cost-effective in the field. In August 2018, the Group submitted an application for registration with the EPA in the USA for approval to sell PHC398 as a biopesticide and expect to receive approval during 2020; registration of other peptides in the USA will follow, permitting the first launches of PRE*tec* peptides in 2021. Registrations in Brazil will follow.

Within each 3G platform, we are able to modify the peptide sequence in order to customise the performance of peptides in various ways. For example, to make them better at inducing resistance to pests and diseases in plants, to improve the tolerance of plants to drought or to accelerate root growth. Furthermore, we can optimise the physical and chemical stability of peptides, so that they are stable in mixtures with agrochemicals. Our 3G peptides are designed to be combined with standard crop protection products through both seed treatment and foliar applications.

HOW DOES PRE*tec* WORK?



Biopesticides		Biostimulants
INNATUS 3G	**T-REX 3G**	**Y-MAX 3G**
Broad plant defence and growth platform	Nematode defence platform	Yield and growth platform

Value propositions

Yield improvement
Crop protection
Abiotic stress tolerance

PLANNING FOR GROWTH

"With successful launches of Harpin αß in cane and in corn in 2018, we have built the foundations for accelerated commercial growth. Our pipeline of new products from PRE*tec* targets opportunities worth $5 billion, with launches from 2021 onwards."

Dr Christopher Richards
Executive Chairman and Interim Chief Executive Officer

OVERVIEW

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

The Group made further good progress in 2018 in both our commercial operations and continued development of our new technology. In the Commercial business, the launches of Harpin αß in US corn and in Brazilian sugarcane during 2018 are confidently expected to substantially accelerate revenue growth in 2019 and beyond. In New Technology, we are transforming the PRE*tec* peptide platforms into a rich product development pipeline with fast track to launches as early as 2021, reaching growers both through technology licences and through direct sales to distributors.

Commercially, sales growth was 5%, as increased sales in the US and Brazil were offset by materially reduced sales in South Africa. Gross Margin improved to 65%, as Harpin αß rose to 66% of sales; Harpin αß has now grown at 20% CAGR (Compound Annual Growth Rate) since we re-launched the business in 2013. Increasing numbers of growers are discovering the benefits of Harpin αß, as a biological product which delivers exceptional additional yield with favourable environmental profile.

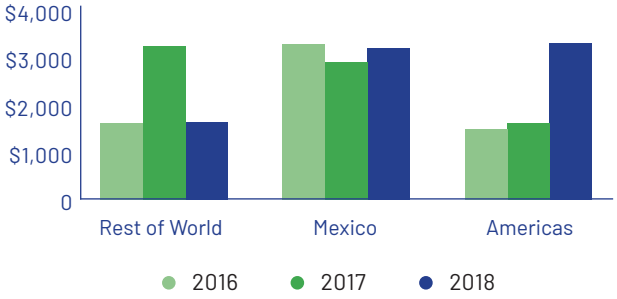
In New Technology, nine companies, including the top five global agrochemical/seed companies, conducted PRE*tec* field trials during 2018. Peptide evaluation in greenhouse and field trials has now enabled us to define specific products for target markets; these markets have a total value in excess of $5 billion. Submissions have been made to the EPA, the relevant regulatory department in the USA, which are expected to result in first product registrations during 2020. We have advanced production methods for our lead peptides, which will provide cost-effective products in time for launches in 2021 and beyond. To accelerate market entry, we are now developing plans to enter markets not only through technology licensing but also for direct sales to distribution partners in key markets; this new approach to commercialisation is expected to bring PRE*tec* peptide products to market more rapidly and enhance the Group's margins.

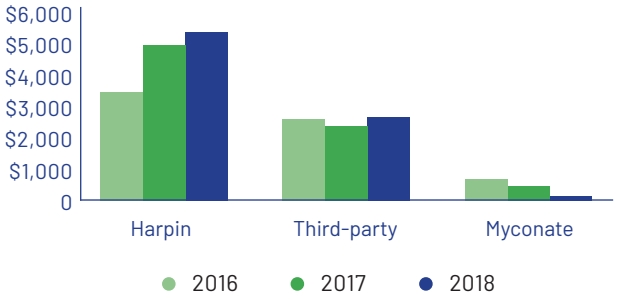
The Group successfully completed an equity raise in February 2018, raising $6.7 million (net of costs). We are confident that our cash reserves and income from our commercial sales are sufficient to take the Group to cash positive, no later than the end of 2020.

We report here separately on the two areas of focus for the business: Commercial and New Technology. We are 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.

COMMERCIAL

Our Commercial business sells our proprietary products worldwide through distributors and also distributes complementary third-party products in Mexico.





Overall sales in 2018 were $8.1 million, an increase of 5% in both actual and constant currency* over 2017 ($7.7 million). Strong sales growth in the USA (up 31% to $2.1 million), Brazil ($1.1 million from nil in 2017), Spain (up 16%) and Mexico (up 9%) was offset by reduced sales in Europe/Africa (down 46%), due to slower draw-down of in-market inventory in South Africa.

Sales of core Harpin αß products increased by 10% (8% in constant currency). Harpin αß and Myconate® products represented 68% of sales in 2018 (2017: 69%). Harpin αß sales have now grown at 20% CAGR since 2013.

Sales in Brazil reached $1.1 million (nil in 2017). The launch in March 2018 of H2Copla, the exclusive brand of our distributor Coplacana into the 10 million hectare sugarcane market in Brazil was well received, boosted by trials which showed an ROI (Return on Investment) for growers of up to 20 times. Sales into sugarcane during the year were $1.0 million. In October, Harpin αß was launched as a seed treatment in soy, with initial sales ex Plant Health Care of $0.1 million. We anticipate rapid sales growth in both markets during 2019.

In the USA, Harpin αß was launched into the 35 million hectare corn market in 4Q 2018, through a very strong distribution partner. Trials have shown an illustrative ROI of 7 times or more to growers and the launch was well received with further demand anticipated in 2019. The Group sold $1.6 million in 2018, which is expected to be consumed in the spring of 2019. Total sales for Harpin αß in the USA reached $2.1 million (2017: $1.6 million).

Sales in Mexico grew 9% to $3.1 million (10% in constant currency), recovering from the effects of drought in 2017. In Spain, the Group's work on the use of Harpin αß to improve the quality of citrus was recognised by the prestigious global Agrow award for Best New Biological Product. Sales in Spain increased by 16% to $0.6 million (2017: $0.5 million). In South Africa, in-market sales in the 2017/18 season did not reach ambitious targets and the 2018 early season was also hit by severe drought; as a result, the Group had lower sales. This resulted in sales being down by 46% in the UK/Africa region, to $1.7 million.

NEW TECHNOLOGY

New Technology is focused on novel proprietary biological solutions using the Group's PRE*tec* science and technology capabilities (PRE*tec* stands for Plant Response Elicitor technology). PRE*tec* is a novel, environmentally friendly approach to protecting crops, based on peptides derived from natural proteins. These proprietary peptides are stable and compatible with mainstream agriculture practices such as seed treatment and foliar sprays. By activating the innate growth and defence mechanisms of plants, PRE*tec* peptides lead to higher crop yields and better protection against disease and environmental stresses such as drought.

Read more about new technology on p. 7

WHAT IS PRE*tec*?

PRE*tec* works by inducing natural defensive and metabolic responses in crop plants so that they suffer less harm from the usual stresses (like nematodes or disease) faced during a growing season. This is achieved by designing peptides that mimic the active sites of larger naturally-occurring proteins to which plants are evolved to respond defensively. These peptides are generally accepted as being safe to handle and having negligible toxicity. They do not leave any detectable residue and rapidly degrade so that they do not persist on the plant after application. For these reasons, PRE*tec* peptides should be generally easier, cheaper and quicker to register for commercial use than most other agricultural chemicals.

PRE*tec* generates the possibility of many peptide product candidates across several platforms; we have so far characterised and presented to our partners peptides from three related families of peptides, each of which is a platform for product development: Innatus™ 3G, T-Rex 3G and Y-Max 3G. A fourth platform has also been characterised.

The Group believes PRE*tec* has substantial potential to support farmers to increase yields and productivity. Our vision is for growers to apply a PRE*tec* peptide on every hectare or acre of agricultural land in combination with conventional agricultural products to improve their performance, reduce their environmental impact, reduce the development of disease resistance to chemical pesticides, and increase yields.

In 2017, the Group initiated field trials of PRE*tec* peptides for the control of Asian Soybean Rust (ASR) in Brazil, together with partners. While earlier results had given promising results for ASR control, the trials in the 2017/18 crop did not show results sufficient to convince partners to move to license PRE*tec* for soy in 2018. However, low doses of PRE*tec* peptides did show significant yield increases and work continues on this target crop in the 2018/19 season, with encouraging early results.

During 2018, the Group conducted a full review of the potential product pipeline emerging from PRE*tec* and of the routes to market for those products. The Group expects to launch the first products from PRE*tec* as early as 2021.

The target markets for our current pipeline of PRE*tec* peptides include corn and soy (yield increase through seed treatment), control of Asian Soybean Rust (ASR) and other diseases, sugarcane (yield and disease), enhanced plant nutrition, and nematode control in fruit and vegetable crops; most of the larger target markets are in North and South America. These markets are very large for both disease control and yield enhancement products.

TAKING PRE*tec* PRODUCTS TO MARKET; OUT TO 2022

INNATUS 3G

2015
- Signed three evaluation agreements for Innatus 3G with major players

2016–2017
- PHC develops and tests product concepts
- Partners test PRE*tec* and explore platform capabilities
- Three additional partners added

2018–2019
- Three additional partners added by end of 2018
- Highly efficient manufacturing process for lead peptides developed
- Large testing program for soybean disease control ongoing in Brazil
- Application filed with USA EPA for first time Innatus 3G biopesticides

2020–2021
- Regulatory approval expected for first product
- Commercial licensing/distribution arrangements established

T-REX 3G, Y-MAX 3G + PRE*tec* 4G

2016–2017
- Present to potential partners
- Complementary to Innatus 3G
- New partners added focusing on evaluating T-Rex 3G and/or Y-Max 3G

2018–2019
- Partners initiate large US field testing programs evaluating T-Rex and Y-Max in soy, corn and cotton

2020–2021
- Commercial licensing/distribution arrangements established

The Group's product pipeline will be addressing markets worth in excess of $5 billion. The increasing presence and relationships we have in both the USA and Brazil with Harpin αβ gives us a great advantage in these markets for new PRE*tec* products.

For each of these target markets, we have identified a lead peptide and a back-up. The Group has made submissions for product regulatory approval in the USA, which are anticipated to result in first registration during 2020. Registration in Brazil will follow.

NEW TECHNOLOGY CONTINUED

Strong progress has been made in developing efficient production methods for PRE*tec* peptides. During 2018, the target production efficiency for PHC279 was comfortably achieved. Work on production methodology for other peptides is also promising. This gives the Group confidence that PRE*tec* peptides will be cost-effective in the field and provide a competitive advantage. Preliminary estimates suggest margins could be comparable to those which the Group currently enjoys with Harpin αβ.

Work continues with evaluation partners to develop both technical profiles and routes to commercialisation. The Group expects to access the market through technology licences for several products. However, following the review of commercialisation strategy and recognising the growing strength of the Group's commercial relationship with distributors, some of the products are now expected to be commercialised directly with in-country distribution. We believe that this sales route will take products to market more rapidly and result in higher margins being retained by the Group.

FINANCIAL AND CORPORATE

Net cash used in operations was $6.3 million (2017: $6.1 million). Included in the cash used in operations is an increase in the Group's inventory offset by lower accounts receivable and accounts payable balances. The delay in the launch of the soy product caused the Group's inventory to be $0.6 million higher than expected. The Group anticipates that this inventory will be consumed in the second half of 2019.

CONSTANT CURRENCY

We evaluate our results of operations on both an as reported and a constant currency basis. The constant currency presentation, which is a non-IFRS measure, excludes the impact of fluctuations in foreign currency exchange rates. We believe providing constant currency information provides valuable supplemental information regarding our results of operations, consistent with how we evaluate our performance. We calculate constant currency percentages by converting our prior-period local currency financial results using the current period exchange rates and comparing these adjusted amounts to our current period reported results.

INTELLECTUAL PROPERTY PROTECTION OF PRE*tec*:

Novel variations in peptide structures and their use in agriculture are patentable. It is possible to design a very large number of closely related peptide variants. Our first proprietary peptide platform, Innatus 3G, was introduced to partners in 2014-15. In 2016, we presented the next two platforms – T-Rex 3G and Y-Max 3G each of which has biological activity which is distinct from but complements Innatus 3G. We continue to design peptides which will be evaluated and launched in due course.

Plant Health Care has an extensive global portfolio consisting of more than 40 patent applications pending worldwide which cover the various PRE*tec* platforms and their use in agricultural applications. The patent applications also include the genes that code for those peptides in order to, for example, create crops having increased innate defensive responses to disease. The Group's IP estate covers a significant share of the 'space' available for using peptides in agricultural production.

BOARD CHANGES

I have had the honour to act as Interim Chief Executive Officer, as well as Executive Chairman, since November 2016. The Board reviews these arrangements regularly and has requested that I continue as Interim CEO for the time being. The Board will review the situation periodically and may initiate a search for a new CEO in due course.

Dr. Richard Webb stepped down from his role as Executive Director for New Technology at the end of 2018. From that date, he resumed his earlier role as Non-executive Director.

The relevant experience and background of each member of the Board is set out on page 23.

PRODUCT DEVELOPMENT PIPELINE

Product	Lead peptide	Target geography	Target launch
Corn Seed Treatment for yield	PHC404	N. Am., LATAM	2021/2
Soybean Seed Treatment for yield	PHC414	N. Am, LATAM	2021/2
Treatment for Asian Soybean Rust	PHC279	LATAM	2022
Seed Treatment for Corn/Soy Drought Tolerance	PHC863	LATAM	2022
Foliar Micronutrient enhancer	PHC404	N. Am.	2022
Sugarcane Yield Booster	PHC279	LATAM	2022
Nematode Control in Specialty Crops	PHC949	N. Am.	2023
Fungicide Booster	PHC279	N. Am., EMEA	2024

OUTLOOK

Agriculture markets are generally stable at present. Demand for agrochemicals is unlikely to grow significantly until commodity prices increase. However, growers are increasingly adopting biological products, because of their potential to improve productivity while reducing environmental impact. Based on various reports, we expect growth in the demand for biological products to increase at approximately 10% per annum from 2018 to 2020. We are confident that Harpin αß sales will continue to grow significantly faster than the market for biological products as a whole over the medium term. However, sales in any one period will be subject to seasonal factors such as weather, timing of registrations and requirements of distributor partners. Furthermore, we sell our products into our distributors in advance of the growing season with the next year's demand in large part driven by the conditions during that season. As a result, Group sales may not follow a strictly linear trend and in some cases can see short delays which can switch sales in some markets from one calendar year to the next.

We are confident of strong revenue growth in 2019, based on the successful launches of Harpin αß in sugarcane and soy in Brazil and in US corn. In addition, we are launching a product for soy seed treatment in the USA in 2019, through the same distribution partner which launched the corn product in 2018. The combination of these product launches, on top of growth in existing markets, is in our view likely to accelerate our revenue growth over the coming years.

In PRE*tec* we are focusing on accelerating product development, with a view to launching products from 2021 onwards. We expect to generate revenue in the coming years through both technology licensing and direct sales approaches.

Plant Health Care has a clearly defined strategy, which we are implementing effectively. 2019 will be a decisive year for the Group, which we enter with confidence.

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. As Interim CEO, I am proud of the Group's impressive team of highly motivated professionals, in whom I have the greatest confidence.

Dr Christopher Richards
Executive Chairman and Interim Chief Executive Officer
9 April 2019

PRE*tec*: MOVING FROM PLATFORMS TO PRODUCTS

Many peptide variants possible within each platform: Focus on lead peptides

3G platform	Performance focus	Lead peptides (synthetic → fermented product)	Partner trials started
Innatus 3G	Disease resistance, vigour, quality, yield	PHC398 → PHC279 PHC296 → PHC863 PHC958 → PHC404 PHC180 → PHC148	2015
T-Rex 3G	Nematode, yield	PHC097 → PHC949	2016
Y-Max 3G	Growth, roots, yield	PHC353 → PHC414 PHC326 → PHC535	2016
New Platform 3G	Drought, roots, yield	PHC678 →	2018

Innatus 3G was our first platform. It delivers a range of disease and yield benefits to growers and has amassed the most comprehensive database of compelling crop use-cases in the Group's testing and in tests conducted by partners. It has been under evaluation with four of the top global agricultural/seed companies.

T-Rex 3G is a platform developed to protect crop plants against pest nematodes. It also shows good effects in limiting the loss of yield caused by drought stress. Y-Max 3G behaves as a biostimulant, promoting vigour and yield by regulating growth genes in the plant. As a biostimulant, Y-Max 3G has the potential to be registered very quickly in the USA on a state-by-state basis and will appeal to that segment of the industry focusing on the development and marketing of crop biostimulants. T-Rex 3G and Y-Max 3G were introduced to selected partners in the latter part of 2016.

Our laboratory, glasshouse and field trials, and a number of other trials run for us by university groups and other specialists, have continued to demonstrate that PRE*tec* peptides from the Innatus 3G, T-Rex 3G and Y-Max 3G families can deliver targeted agronomic benefits, such as stronger root growth, resistance to attack by fungi and soil pests (nematodes), and improved recovery from the effects of drought. All of these benefits lead to increased crop yield and quality which translates directly into higher financial return for growers.

Our fourth platform of 3G peptides offers a tool for improved resistance to drought, a major and increasing challenge for farmers in many parts of the world. This platform, which has not yet been named, is now being introduced to partners.

We are in the early stages of development of our 4G peptide platform. This platform entails the incorporation of genetic sequences in the plant enabling it to express peptides internally, thereby gaining the benefits of improved disease control and abiotic stress tolerance without the need to apply PRE*tec* to the surface of the plant.

In New Technology, nine companies, including the top five global agrochemical/seed companies, conducted PRE*tec* field trials during 2018. For some of these companies, 2018 was their third or even fourth year of PRE*tec* field trials. Further testing by partners will continue in 2019. The Group expects to engage in detailed discussions with some of these companies in late 2019 and 2020 concerning commercial terms of access to select PRE*tec* peptides for use in key crops and geographies. These discussions are expected to lead to one or more significant commercial transactions in due course. However, given the uncertain timing of concluding licences, the Group is actively seeking additional routes to market, with a view to launching products soon after first registrations are granted. These additional routes will include direct sales to distributors in the USA and Brazil. Relationships which we have established with large distributors for the sale of Harpin αβ are developing in a very positive manner; these and other partners are highly interested in commercialising PRE*tec* peptides. We anticipate that sales into certain markets through large distributors will allow us to launch products more quickly and to retain higher margins within the Group. We anticipate that a series of commercial collaborations will be finalised in due course, which will target launches of products from 2021 onwards.

HOW WE DO BUSINESS

Plant Health Care believes that PRE*tec* has very significant commercial potential. We have strengthened our commercial relationships with distributors and expect some of our products to be commercialise directly with in-country distributions.

RESEARCH AND DEVELOPMENT

NEW TECHNOLOGY

Plant Health Care has so far characterised four platforms and launched three of them:

INNATUS 3G | **T-REX 3G** | **Y-MAX 3G**

PLANT HEALTH CARE'S LABORATORY IN SEATTLE:
- Designs peptides from each platform and launched four of them.
- Screen them for activity in protecting plants from stress such as drought or disease.
- Select lead peptides for testing.

FIELD TRIALS
Field trials are run through a network of universities and specialist contractors.

COLLABORATING WITH PARTNERS
Partners carry out laboratory, greenhouse and field trials on many crops and targets.

MANUFACTURING PROCESS
During 2018, we developed production processes for PHC279. Fermentation is now being done at pilot scale. We are moving other lead peptides down this route.

OBTAINING REGULATORY APPROVALS
Regulatory rules vary across the world; Plant Health Care is pursuing "fast-track" approvals for PRE*tec* peptides.

COMMERCIALISATION WITH PARTNERS
Based on the strength of the Group's commercial relationship with distributors, some of the products are now expected to be commercialised directly with in-country distribution.

OUR PARTNERS

PRE*tec* has been under evaluation by nine partners, including all of the "big five" global agricultural/seed companies.

OUR VALUE PROPOSITIONS:

- Corn & soybean Seed Treatment Yield Enhancement.
- Asian Soybean Rust Disease Control and enhanced yield.
- Disease control and improved yield in sugarcane.
- Nematode control in specialty crops.
- Fungicide booster.

OUR GROWTH STRATEGY

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

	Key Area	Achievements	Links to KPIs
1	**Increasing sales of existing commercial products**	We intend to drive revenue in the short term in our Commercial business, focusing on Harpin αß. We plan to grow in crops where Harpin αß provides the most benefits to farmers, including sugarcane, corn, soy, citrus, tomatoes and potatoes.	• Revenue • Gross profit • Gross profit margin
2	**Launching peptide products from our PRE*tec* platforms both through technology licences and in direct sales to distributors**	Our partners have been evaluating our peptide platforms since 2015. With registration submitted in the USA and strong progress on manufacturing processes, we anticipate launches from 2021 onwards. We are targeting markets with a value of over $5 billion.	• Research and development
3	**Building further the capability to deliver further products from PRE*tec***	Plant Health Care has a unique understanding of PRE*tec*, which will be important for evaluating and developing peptide products from our platforms. Our capacity to develop cost-effective production processes and our skill in achieving fast-track registrations will enable our partners to accelerate market launches. Our unique understanding of plant response elicitors will enable us to mine our platforms for further peptides over time.	• Revenue • Research and development
4	**Continuing to develop further peptide platforms**	We expect to discover more platforms over time.	• Research and development

OUR RESEARCH AND DEVELOPMENT PROCESS

DISCOVERY

By leveraging our unique understanding of the structure–function relationship of harpins we design novel and efficacious harpin-derived peptides.

CHARACTERISATION

Our focus is on identifying cost-effective solutions for some of the hardest problems facing farmers, such as disease and nematode control.

PARTNER EVALUATION

We work with industry leaders to fill gaps in their product portfolios and put PRE*tec* technology into the hands of farmers everywhere.

PRODUCT DEVELOPMENT

With a focus on efficient manufacturing, compatibility with existing agricultural practices, and low product use rates, PRE*tec* peptides will help farmers sustainably feed the growing population.

HOW WE MEASURE SUCCESS

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.

FINANCIAL

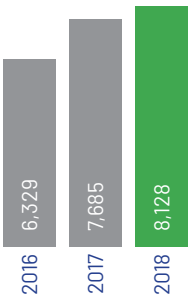
The KPIs for financial performance of the Commercial area and for the Group as a whole include revenue, gross profit and margin. These KPIs indicate the volume of work the Group has undertaken, as well as the valuation with which this work has been delivered.

The KPIs for financial performance for the year ended 31 December 2018, with comparatives for the year ended 31 December 2017.

REVENUE

($'000)

$8,128



LINK TO STRATEGY

1 2 3 4

GROSS PROFIT

($'000)

$5,271

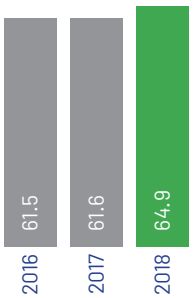
LINK TO STRATEGY

1 2 3 4

GROSS PROFIT MARGIN

(%)

64.9%



LINK TO STRATEGY

1 2 3 4

NON-FINANCIAL

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

RESEARCH & DEVELOPMENT

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.

LINK TO STRATEGY

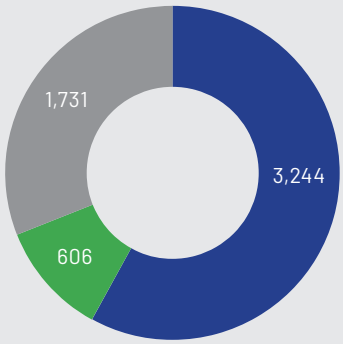
1 2 3 4

PROPRIETARY PRODUCT SALES

In addition, an important KPI is the movement in revenue and gross margins achieved from the sale of our proprietary products.

REVENUE

($'000)



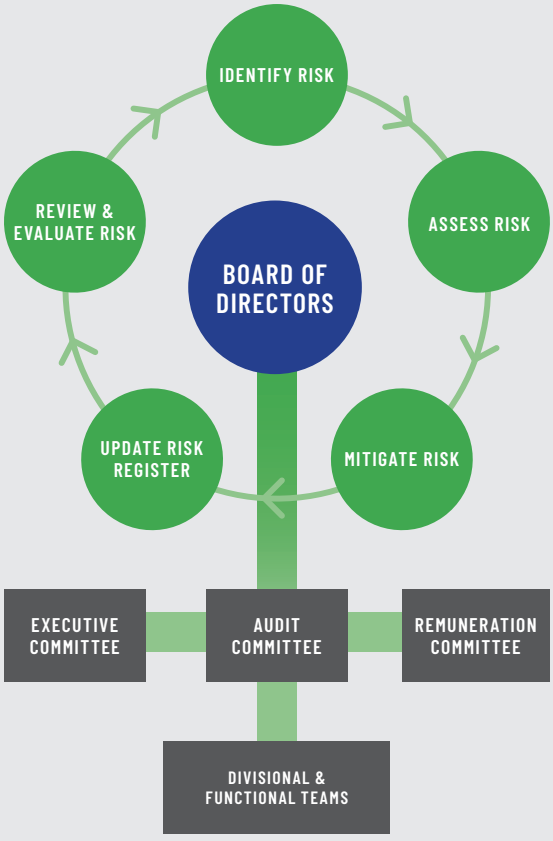
- Americas (2017: $1,574)
- Mexico (2017: $570)
- Rest of World (2017: $3,200)

EFFECTIVE RISK MANAGEMENT OF PRINCIPAL RISKS AND UNCERTAINTIES

The Board is responsible for the systems of risk management and internal control and for reviewing their effectiveness. The internal controls are designed to manage rather than eliminate risk and provide reasonable but not absolute assurance against material misstatement or loss. Through the activities of the Audit Committee, the effectiveness of these internal controls is reviewed annually.

The Executive Committee reviews formally at least twice annually the Group's risk register, along with potential causes and impact, controls and actions to minimise the probability of those risks materialising, and consider new risks and opportunities presented to the Group, making recommendations to the Board as appropriate at least once annually.

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 the strategy described above.



RISK	DESCRIPTION
CAPITAL MARKETS, FINANCIAL AND LIQUIDITY RISK	• We have a history of losses since inception, and anticipate continuing to incur losses in the future, and may not achieve or maintain profitability. • We do not expect to require additional financing in the future. However, a shortfall in achieving our sales or working capital targets could exhaust our cash reserves. This may compel the Group to seek additional financing. The Group 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. • Our reputation and share price depend on delivering against our stated objectives. If we are unable to meet market expectations, our share price may decrease and we may lose shareholders. • Sales in any one period will be subject to seasonal factors such as weather, timing of registrations and third-party relations. As a result, Group sales may not follow a strictly linear trend which makes sales forecasting challenging. • These risks are mitigated by being prudent management of the Group's cash, controlling costs and maintaining strong investor support.
COMMERCIALISATION RISK	• We are subject to risks relating to product concentration due to the fact that we derive substantially all of our revenues from our Harpin αß and Myconate product lines and from the sale of third-party products. • We may be unable to establish or maintain successful relationships with third-parties, 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. • These risks are mitigated by continuing to promote our products, perform regular reviews of our commercial business plans and continued product development.
TECHNOLOGY RISK	• Our PRE*tec* peptide development depends on demonstrating that the products can perform in the field against targeted value propositions. Trials can be influenced by weather and other factors, which can result in the trials having to be repeated; this can lead to delays of a year in product launches. • We are developing new production methods for the commercial manufacture of PRE*tec* peptides. We may be unsuccessful in achieving our targets for Cost of Goods. We may not be able to conclude agreements with out-sourcing manufacturing partners or we may experience delays in scaling up to full commercial production. Our PRE*tec* product launches depend on evaluation and distribution partners converting their declared interest into formal commercial transactions. • While a number of patents have been filed to date, we may be unable to secure adequate protection for the intellectual property covering our New Technology and product candidates, or develop and commercialise these product candidates without infringing the intellectual property rights of third parties. • These risks are mitigated by reviewing and refining the strategy for commercialising our New Technology to include both technology licensing and direct sales to distributors.
REGULATORY AND LEGAL RISK	• If we are unable to obtain regulatory approvals, or 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 PRE*tec* 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. • These risks are mitigated by conducting regular internal reviews to ensure our compliance with regulatory requirements.
PERSONNEL AND RESOURCES	• Our future growth and ability to compete depend on retaining our key personnel and recruiting additional qualified personnel. • The success of the Group depends on obtaining and maintaining the appropriate level of skilled resources. • These risks are mitigated by keeping employees engaged in the strategy of the Group and the establishing of long-term incentives.

FINANCIAL INSTRUMENTS

The Group uses various financial instruments, including 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

Dr Christopher Richards
Executive Chairman and Interim Chief Executive Officer
9 April 2019

HOW WE ARE PERFORMING

"Sales increased 5% to $8.1 million. Plant Health Care experienced impressive growth in our Americas segment up 105%."

Jeffrey Hovey
Chief Financial Officer

A summary of the financial results for the year ended 31 December 2018 with comparatives for the previous financial year is set out below:

	2018 $'000	2017 $'000
Revenue	**8,128**	7,685
Gross profit	**5,271**	4,732
	65%	62%
Operating loss	**(8,033)**	(5,801)
Finance income (net)	**89**	85
Net loss for the year	**(7,944)**	(5,716)

REVENUES

Revenues in 2018 increased by 5% to $8.1 million (2017: $7.7 million) as a result of strong growth in our Americas segment. The gross margin increased 3% to 65% (2017: 62%) due to level of margins achieved on strong sales in North America.

AMERICAS

This segment includes activities in both North and South America but is exclusive of Mexico.

External revenue in the Americas segment increased 105% to $3.3 million (2017: $1.6 million). The increase in revenue was primarily due to increased sales of Harpin αß in corn in North America and sugarcane in South America. The initial launch of our soy product in North America was delayed, but sales have started on a modest scale in early 2019. Revenue in the Americas is predominantly from Harpin αß sales.

MEXICO

A significant portion of the Group's revenue continues to come from Mexico. Revenue from the Mexican segment increased 9% (10% in local currency) to $3.1 million (2017: $2.9 million). This was due to the rebound of produce prices in the north-west portion of Mexico. Revenue in Mexico includes sales of Harpin αß, Myconate and third-party products.

REST OF WORLD

External revenue in the Rest of World segment decreased 46% (48% in constant currency) to $1.7 million (2017: $3.2 million). The decrease was primarily due to slower draw-down of in-market inventory in the South African region partially offset by a sales increase of 16% in Spain. Revenue in the Rest of World segment is predominantly from Harpin αß and some Myconate sales.

OPERATING EXPENSES

Operating expenses increased to $13.3 million from $10.5 million. The increase was principally due to a non-cash expense in relation to Sterling loans within our UK subsidiary resulting in a foreign currency loss of $1.2 million (2017: foreign currency gain of $1.3 million). The foreign currency loss was charged to Administration expenses. During 2018, the Group agreed to transfer stock from our original distributor to a new distributor in South Africa in order to strengthen its sales position in this region. The transfer of stock has been accounted for by the Group recording a sale of $0.6 million to the new distributor and a write-off of receivables with the original distributor of $0.6 million.

In addition, we have set out in Note 9 the separate category of expenditure relating to Business Development, which decreased to $0.5 million in 2018 (2017: $0.6 million). This relates to reduced personnel costs and other costs relating to customer support and market research.

Unallocated corporate expenses increased $3.2 million to $2.9 million (2017: $0.3 million gain). The increase was attributable to the decrease in the value of Sterling loans from our UK subsidiary due to the appreciation of the Pound.

BALANCE SHEET

At 31 December 2018 and 2017, investments, cash and cash equivalents were $4.3 million and $3.9 million respectively.

Working capital increased to $8.6 million in 2018 (2017: $7.2 million). The increase is primarily due to increased inventory of $1.4 million. Other contributors to the working capital increase was lower accounts receivable and accounts payable balances. The Group made significant Harpin αß and other inventory purchases ($1.0 million) in the second half of 2018. The Group expects this inventory to be consumed in the first half of 2019. The launch of

a new product for the soy crop in the USA was delayed, with its associated revenues, until 2019. This delay caused our inventory levels to be $0.6 million higher than anticipated. The Group expects the inventory for the soy product to be used during 2019.

Translation of the results of foreign subsidiaries for inclusion within the consolidated Group results resulted in an exchange gain of $1.1 million recorded within Other Comprehensive Income and Foreign Exchange Reserves (2017: loss of $1.3 million).

CASH FLOW AND LIQUIDITY

Net cash used in operations was $6.3 million (2017: $6.1 million). Included in the cash used in operations is an increase in the Group's inventory offset by lower accounts receivable and accounts payable balances. The delay in the launch of the soy product caused the Group's inventory to be $0.6 million higher than expected. The Group anticipates that this inventory will be consumed in the second half of 2019.

Net cash provided by investing was $0.9 million in 2018 (2017: $2.6 million). The Group holds surplus cash in several bond and money market funds. The movement in these funds was used to further invest in the New Technology business and fund the Commercial business.

Net cash provided by financing activities was $6.7 million for 2018 (2017: $nil). The difference is due to a $6.7 million (net of costs) fundraise concluded in February 2018 from new and existing investors.

GOING CONCERN

In assessing whether the going concern basis is an appropriate basis for preparing the 2018 Annual Report, the Directors have utilised its detailed forecasts which take into account its current and expected business activities, its cash and cash equivalents balance and investments of $4.3 million as shown in its balance sheet at 31 December 2018, the principal risks and uncertainties the Group faces and other factors impacting the Group's future performance.

The key assumptions supporting the assessment for the period ended 31 December 2018 are as follows:

- Achievement of our revenue targets in the Americas and Mexico;
- Ability to continue manufacturing Harpin αß; and
- Continued containment of cash operating expenses.

The principal downside stress tests in accordance with the Group's principal risks and uncertainties are:

- A significant reduction of projected sales volumes of Harpin αß due to lower demand from our distributors, impact of weather or the inability to supply product;
- Extension of payment terms or full default of receivables with some of our distributors; and
- Inability to reduce operating expenses

Various sensitivity analyses have been performed to reflect possible downside scenarios as referred to above. Even in the worst case scenario whereby the Group achieves reduced revenues for the twelve months following the date of this Annual Report, the Group has sufficient resources to continue in operational existence for a period of at least 12 months from the approval of the financial statements. In order to provide sufficient headroom, the Directors have identified costs savings associated with the reduction in revenues and have the ability to identify further cost savings if necessary.

At the time of approving the financial statements the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the 12 months from sign off of the annual report. Thus they continue to adopt the going concern basis of accounting in preparing the 2018 Annual Report.

CORPORATE GOVERNANCE

STRONG EXPERIENCED BOARD

DR CHRISTOPHER G J RICHARDS

(Executive Chairman and Interim Chief Executive Officer)

Length of Tenure

6 years

Dr. Christopher 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. Following the departure of Paul Schmidt in November 2016, Dr. Christopher Richards became the Interim Chief Executive Officer. Dr. Christopher 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 Origin Enterprises plc, a service provider to farmers for food production solutions, and is Chairman of Nanoco Group plc, a nano-materials technology company carrying out research, development and commercialisation of products based on heavy-metal free quantum dots.

MICHAEL J HIGGINS

(Senior Independent Director)

Length of Tenure

5 years

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 a Non-Executive Director of Progility Limited, a project management services group and a non-executive director of Premier Technical Services Group plc, a niche specialist services provider. Michael is also non-executive Chairman of IPSX UK Ltd which has received regulatory approval to operate the first regulated securities exchange dedicated to the IPO and secondary trading in Exchange Traded Properties. He is also a Non-Executive Director of the Quoted Companies Alliance, a non-profit organisation that champions the interests of small to mid-sized publicly traded companies and is an alternate member of the Panel on Takeovers and Mergers on behalf of the Quoted Companies Alliance. Michael Higgins was a partner at KPMG for 10 years and subsequently served as a senior adviser. Prior to KPMG, Michael Higgins was a Director at Charterhouse Bank, worked at Saudi International Bank and qualified as an accountant with Price Waterhouse (now PricewaterhouseCoopers).

DR RICHARD H WEBB

(Non-Executive Director)

Length of Tenure

5 years

Richard Webb joined the Company in September 2013 as a Non-Executive Director. In January 2015, he was appointed an Executive Director, responsible for leading the New Technology strategy and licensing. In January 2019 he became a Non-Executive again. Early in his career he held various positions at Imperial Chemical Industries, including responsibilities for managing laboratory discovery and field development programmes for its public health pesticide business. Thereafter he worked as a consultant mostly with life sciences businesses. It was in this capacity that he was originally engaged by the Company between 2012 and 2014 to work on the development of its new business strategy. His doctorate, in pest biology, was from the London School of Hygiene & Tropical Medicine.

WILLIAM M LEWIS

(Non-Executive Director)

Length of Tenure

3 years

William Lewis joined the Company as a Non-Executive Director in April 2015. He also currently serves as Chairman of the Remuneration Committee and as a member of the Audit Committee. Since June 2014, William 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. William Lewis has also been an owner/operator of two John Deere dealerships in GA where he improved the overall operations and value of the business, which led to the successful sale of the businesses.

CORPORATE GOVERNANCE REPORT

Introduction

Plant Health Care plc (the "Company") is committed to maintaining the highest standards of corporate governance throughout its operations and to ensuring that all of its practices are conducted transparently, ethically and efficiently. The Company believes that continual review of all aspects of its business and reflecting, analysing and improving its procedures will result in the continued success of the Company and improve shareholder value. Therefore, and in compliance with the updated AIM Rules for Companies, the Company has chosen to formalise its governance policies by complying with the UK's Quoted Companies Alliance Corporate Governance Guidelines for Small and Mid-Size Quoted Companies (the "QCA Code").

The Company has followed the QCA Code's recommendations in terms of disclosures to be made on its website and in this Annual Report. Specifically, the QCA Code has 10 principles being:

1. Establish a strategy and business model which promote long-term value for shareholders
2. Seek to understand and meet shareholder needs and expectations
3. Take into account wider stakeholder and social responsibilities and their implications for long-term success
4. Embed effective risk management, considering both opportunities and threats, throughout the organisation
5. Maintain the board as a well-functioning, balanced team led by the chair
6. Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities
7. Evaluate board performance based on clear and relevant objectives, seeking continuous improvement
8. Promote a corporate culture that is based on ethical values and behaviours
9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the board
10. Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

Disclosures recommended by the QCA Code to be included on the Company's website, and not in its Annual Report, being principles 2, 3 and 9 may be found on the Company's website. For more details regarding Corporate Governance, including the Company's compliance with the ten principles of the QCA Code, please see the Company's Corporate Governance Statement located at https://www.planthealthcare.com/investors/corporate-governance. Consideration of the remaining seven principles are described below.

In assessing its compliance with the QCA Code, the Company's Board of Directors (the "Board") is mindful that in some areas it does not fully comply with the QCA Code. Such non-compliance, particularly with regard to the combined roles of Chairman and Interim CEO, reflects the size of the Group, its stage of development and the complex scientific/specialist nature of certain of its activities. The Board is alert to the potential risks this may create and has therefore provided the following background and explanation.

Prior to November 2016, the Board had a separate Chairman and CEO and therefore maintained a separation of duties and also half of the Board was independent. During 2015-2016, the Group materially increased its investment into its New Technology business. Dr Webb took on certain executive responsibilities to develop and lead the New Technology segment of the Group's business and was no longer an independent director. Following the departure of the then CEO in November 2016, it was considered by the Board that the Chairman had the right balance of Board, executive leadership and industry experience to lead the Group through a critical transition phase of its development. This phase included the investment in the leading position in the development of the New Technology segment of the Group's business whilst also aggressively seeking to develop the position of its proprietary Commercial products. These two areas require several leadership and operational capabilities as well as a detailed appreciation of the science and market potential for the Group's New Technology. Utilising the skills of an existing Board member has been a pragmatic way of managing continuity during this period. This combined position continues today and is regularly reviewed by the Board. The Chairman taking on the additional responsibility of Interim CEO has also meant that the Board no longer had the ideal split of independent and non-independent directors although it has maintained at all times two independent non-executive directors.

Richard Webb, who was originally a non-executive stepped into a full time role to take the New Technology activities through a period of significant change, The refinement of our strategy in the last 12 months and the great progress that has been made coincided with Richard relocating from the US back to the UK at the end of 2018. Richard has therefore stepped back to being a non-executive. Given his recent executive responsibilities he is not considered independent. He remains available and is continuing to provide consultancy services on specific projects in addition to his non-executive responsibilities.

The two independent non-executives, William Lewis with extensive commercial experience in the industry and Michael Higgins the senior independent director who has extensive Board experience and a financial background, are content that this is an appropriate position for the Group currently. However, it is kept continuously under review and will change when appropriate for the Group

given its size and development. Mr Higgins has also stepped into the Chairman's role for purposes of corporate governance and takes the lead for the Group on all corporate governance matters.

William Lewis and Michael Higgins chair the Group's two key committees and also meet with the Chairman separately on a regular basis. Board meetings have appropriately robust agendas and are held face to face in the USA between 5 and 6 times a year over one and a half days each. The USA is the main centre of activity and management of the Group. Each Board meeting also includes involvement of the key executive leadership not on the Board. Mssrs Lewis and Higgins are satisfied that the current Board has the right mix of skills that are relevant to the Group's current position and stage of development. They are also satisfied that they present effective challenges to the executive Directors and management team.

The Group has established specific committees and implemented certain policies and practices to ensure that:

- it is led by an effective board which is collectively responsible for the long-term success of the Company;
- the Board and the committees have the appropriate balance of skills, experience, independence, and knowledge of the Company to enable them to discharge their respective duties and responsibilities effectively;
- the Board establish a formal and transparent arrangement for considering how it applies the corporate reporting, risk management, and internal control principles and for maintaining an appropriate relationship with the Group's auditors;
- there is a dialogue with shareholders based on the mutual understanding of objectives; and
- all aspects of the Group are run in a robust and responsible way.

The Company's overall strategic objective is to be a leading provider of proprietary biological products. The Company's strategy and business model and amendments thereto, are developed by the Interim CEO and his senior management team, and approved by the Board. The management team, led by the Interim CEO, is responsible for implementing the strategy and managing the business at an operational level. A comprehensive budgeting process is completed once a year and is reviewed and approved by the Board. The Company's results, compared with the budget, are reported to the Board on a bi-monthly basis. The full strategy and business operations of the Company are set out in the Strategic Report section of this Annual Report on pages 1 to 21.

The Company's business is subject to a number of potential risks and uncertainties. The occurrence of any of these risks may materially and adversely affect the Company's business, financial condition, results of operations and future prospects. The Company manages and mitigates these risks by executing its strategy and operational plans as described above.

The Board is responsible for the systems of risk management and internal control and for reviewing their effectiveness. The internal controls are designed to manage rather than eliminate risk and provide reasonable but not absolute assurance against material misstatement or loss. Through the activities of the Audit Committee, the effectiveness of these internal controls is reviewed annually. The Company maintains appropriate insurance cover in respect of actions taken against the Directors because of their roles, as well as against material loss or claims against the Company. The insured values and type of cover are comprehensively reviewed on a periodic basis.

A summary of the principal risks and uncertainties facing the Company are set out on pages 18-19 of this Annual Report. The senior management team meets at least twice annually to review the Company's risk register, along with potential causes and impact, controls and actions to minimise the probability of those risks materialising, and consider new risks and opportunities presented to the Company, making recommendations to the Board as appropriate at least once annually.

Board of Directors

The Board of Directors is responsible for the proper management of the Company by formulating, reviewing and approving the Company's strategy, budgets, and corporate actions. In order to achieve its objectives, the board adopts the ten principles of the QCA Code. Through successfully implementing these principles, the Company believes it is able to deliver long-term growth for shareholders and maintain a flexible, efficient and effective management framework within an entrepreneurial environment.

It is important that the board itself contains the right mix of skills and experience in order to deliver the strategy of the Company. As such, the board is currently comprised of:

- Dr Christopher G J Richards, Executive Chairman and Interim CEO;
- Dr Richard Webb, Non-executive Director;
- Michael J Higgins, Senior Independent Director; and
- William M Lewis, an independent Non-executive Director.

The backgrounds and relevant experience of these directors is set out on the website. Richard Webb, who was previously Executive Director for New Technology, reverted to a Non-Executive role with effect from January, 2019.

Additionally, the Company has appointed a professional Company Secretary who is also our General Counsel who assists the Chairman and Committee Chairmen in preparing for and running effective Board meetings and Committee meetings, including the timely dissemination of appropriate information prior to meetings and minutes following the meetings.

The Company Secretary provides advice and guidance to the extent required by the Board on the legal and regulatory environment.

Each Director serves on the board from appointment until the next annual general meeting at which he or she stands for election. Thereafter he or she stands for re-election in accordance with the Company's Articles of Association which is no less than once every three years.

Committees

In compliance with UK best practice, the board has established the following committees.

Audit Committee

The purpose of the Audit Committee is to monitor the integrity of the financial statements of the Group and Company.

Some of the Audit Committee's duties include:

- reviewing the Group's accounting policies and reports produced by internal and external audit functions;
- considering whether the Group has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor;
- reporting its views to the Board of Directors if it is not satisfied with any aspect of the proposed financial reporting by the Company;
- reviewing the adequacy and effectiveness of the Group's internal financial controls and internal control;
- reviewing the adequacy and effectiveness of the Company's anti-money laundering systems and controls for the prevention of bribery and receive reports on non-compliance; and
- overseeing the appointment of and the relationship with the external auditor.

The Audit Committee has two members, each of whom is an independent, non-executive director and at least one member who has recent and relevant financial experience. The current members of the committee are Michael Higgins as the Chairman and William Lewis. The Audit Committee report is set out below.

Remuneration Committee

The purpose of the Remuneration Committee is to determine and agree with the Board regarding the framework or broad policy for the remuneration of the Company's chairman and the executive directors as well as the composition of the board itself.

Some of the Remuneration Committee's duties include:

- reviewing the pay and employment conditions across the Company, including the Executives on the Board;
- approving targets and performance related pay schemes operated by the Company and all share incentive plans and pension arrangements;
- regularly reviewing the structure, size, and composition (including the skills, knowledge, experience and diversity) of the Board and make recommendations to the board with regard to any changes, succession planning and vacancies; and
- identifying suitable candidates from a wide range of backgrounds to be considered for positions on the board.

The Remuneration Committee has two members, each of whom is an independent, non-executive director. The current members of the committee are William Lewis as the Chairman and Michael Higgins. The Remuneration Committee report is set out below.

In light of the current composition of the executive leadership and the Board, the Board as a whole has retained overall responsibility for the review of the overall risk management processes and principles. The Board as a whole constitutes the Nomination Committee and will appoint a sub-committee if considered appropriate; the Board also determines remuneration for the Non-Executive Directors.

Executive Committee

The Company formed an Executive Committee in October 2018 to be the main decision-making body of the Company to ensure that key decisions are made in a timely manner with the best information available. The Executive Committee meets on a monthly basis and has six members: Christopher Richards chairs the Executive Committee and is joined by Zhongmin Wei (Chief Science Officer), Jeffrey Tweedy (Chief Operating Officer), Jeffrey Hovey (Chief Financial Officer), Christine Mazzone (General Counsel and Company Secretary) and Mark Turner (Director, Technology Licensing).

Board composition

The Company's Board is currently comprised of 3 Non-executive Directors and 1 Executive Directors. The Chairman is non-independent.

Each Director serves on the Board from appointment until the next Annual General Meeting at which he or she stands for election. Thereafter he or she stands for re-election in accordance with the Company's Articles of Association which is no less than once every three years.

Directors' biographies are set out on page 23. The Board is responsible to its shareholders for the proper management of the Company and meets at least six times a year to set the overall direction and strategy of the Company, to review scientific, commercial, operational and financial performance and to advise on management appointments. All key operational and investment decisions are subject to Board approval. A summary of Board and Committee meetings held in the year ended 31 December 2018, and Directors' attendance records, is set out on page 33.

The Board considers itself to be sufficiently independent. The QCA Code suggests that a board should have at least two independent Non-executive Directors. Two of the Non-executive Directors who currently sit on the Board of the Company are regarded as independent under the QCA Code's guidance for determining such independence. Non-executive Directors receive their fees in the form of a basic cash fee.

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 Experience

The Board considers that all of the Non-executive Directors are of sufficient competence and calibre to add strength and objectivity to its activities, and bring considerable experience in scientific, commercial, operational and financial development of products and companies.

The Board regularly reviews the composition of the Board to ensure that it has the necessary breadth and depth of skills to support the ongoing development of the Company.

The Chairman, in conjunction with the Company Secretary, ensures that the Directors' knowledge is kept up to date on key issues and developments pertaining to the Company, its operational environment and to the Directors' responsibilities as members of the Board. During the course of the year, Directors received updates from the Company Secretary and various external advisers on a number of corporate governance matters. Furthermore the key commercial executives and the New Technology team regularly present at Board meetings and attend dinners with Board members. Also once a year the Board visits the Research and Development centre in Seattle and are briefed by the team.

The Board seeks advice from its external advisers as needed in the ordinary course of business and for exceptional circumstances, including its Nominated Adviser and outside counsel in the UK and USA as well as globally. 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. Directors' service contracts or appointment letters make provision for a Director to seek personal advice in furtherance of his or her duties and responsibilities, normally via the Company Secretary.

Performance of the Board

The Board has a process for evaluation of its own performance, that of its committees and individual Directors, including the Chairman. This process is conducted on a regular basis and last took place in October 2017, with no substantive issues arising. Evaluation criteria include Board Composition, Strategy, Board Meetings, Training and Development, Governance, Risk, Company Secretary and Leadership. The Board may utilise the results of the evaluation process when considering the adequacy of the composition of the Board and for succession planning. A new review is currently in process and will be concluded by the end of the second quarter.

Corporate Culture

The Board seeks to maintain the highest standards of integrity and ethics in the conduct of the Group's operations. These values are exhibited in the written policies and working practices adopted by all employees in the Group. An open culture is encouraged within the Group, with regular communications to staff regarding progress and staff feedback regularly sought. Employees are expected to behave and to execute the Company's strategy and objectives in an ethical, compliant manner as well as to ask questions and raise concerns openly. The Interim CEO and senior management team monitors the Group's cultural environment and seeks to address any concerns that may arise, escalating these to Board level as necessary.

Michael J Higgins
Senior Independent Director
9 April 2019

AUDIT COMMITTEE REPORT

The audit committee is a formally constituted sub-committee of the Board. The responsibilities of the committee include:

- Reviewing the half yearly and full year accounts and results announcements and also any other formal announcements or statements issued with regard to the Group's financial performance;
- Reviewing the Group's systems for internal financial control and risk management;
- Monitoring and reviewing the effectiveness of the Group's accounting function;
- Considering the appointment of the external auditors overseeing the process for their selection and where appropriate making recommendations to the Board in relation to their appointment to be put, as required, to shareholders for approval at a general meeting;
- Monitoring and reviewing the independence and effectiveness of the external auditors, agreeing the nature and scope of their audit, agreeing their remuneration, and considering their reports on the Group's accounts, reports to shareholders and their assessment and evaluation of the systems of internal financial control and risk management.

Composition of the audit committee

The audit committee comprises Michael Higgins as chairman and William Lewis. The Committee meets separately with the external auditors without management present. The Secretary to the Committee is the Company Secretary.

Main activities of the audit committee

The audit committee meets formally three times a year: in September, to review and consider the half year results announcement; in December, together with the external auditors, it considers and approves the nature and scope of the annual audit; and then in late March or April it will receive reports from the external auditors on the conduct of their audit, and their review of the accounts, including accounting policies and areas of judgement, and their comments on risk management and control matters. The external auditors also present their fee proposals for the forthcoming annual audit at the December meeting.

Independence of external auditors

Both the Board and the external auditors have safeguards in place to avoid the possibility that the auditors' objectivity and independence could be compromised. The policy in respect of services provided by external auditors is as follows:

- Audit related services – the external auditors are invited to provide services which, in their position as auditors they must or are best placed to undertake. This includes formalities relating to shareholders and other circulars or any other regulatory reports or work in respect of acquisitions or disposals.
- Tax consulting – in cases where they are best suited, we will use the external tax advisers.
- General consulting – recognising the public concern over the issue of auditors' independence, our policy is that the external auditors would not be used for general consulting work.

Internal management accounting

The audit committee considered the performance of the internal accounting function and the resource requirements available taking into account the size and complexity of the Group's activities. Given the small size of the Board, the Board as a whole reviews the internal budgets and they are formally approved by the Board. The Board has concluded as a whole that these budgets are both properly prepared and based upon realistic assessments of the market opportunities in the context of the Group's ambitions.

This report was approved by the Audit Committee and presented on its behalf by:

Michael J Higgins
Chairman of Audit Committee
9 April 2019

REMUNERATION COMMITTEE REPORT

The Remuneration Committee has two members, each of whom is an independent, non-executive director. The current members of the committee are William Lewis as the Chairman and Michael Higgins. The Committee is responsible for determining the contract terms, remuneration and other benefits of the Executive Directors including the Executive 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

Executive Chairman and Interim Chief Executive Officer

The following comprised the principal elements of the Group's Executive Directors remuneration during 2018:

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

In lieu of additional salary for his role as Interim Chief Executive Officer, Christopher Richards was granted share options in 2018 which were tied to certain performance conditions.

(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 10th 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) 2015 Employee Share Option Plan

On 16 June 2015, the Company 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 ("UK") 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 Company 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 2018, no awards were outstanding under the Non-Employee Option Plan or the US Sub-plan to the Non-Employee Option Plan.

Elements of remuneration – Executive Directors continued

(c) 2017 Employee Share Option Plan

On 19 May 2017, the Company adopted the Plant Health Care plc 2017 Employee Share Option Plan, or the 2017 ESOP, which provides for the grant of options to acquire the Company's ordinary shares. Under the 2017 ESOP, the Company may grant enterprise management incentive options, known as EMI options, to eligible bona fide employees who qualify under applicable United Kingdom ("UK") tax law, as well as options that do not qualify as EMI options, or NQOs. Vesting of options is subject to any performance conditions set out in the applicable option agreement and pursuant to the EMI Plan. At any time, the total market value of the shares that can be acquired upon the exercise of all EMI options under the 2017 ESOP may not exceed £3 million.

As part of the 2017 ESOP, the Board has adopted rules governing options awarded to the Company's US employees, or the US Sub-plan to the 2017 ESOP. The US Sub-plan to the 2017 ESOP 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).

(d) Options granted outside option schemes

The Company has granted options to acquire shares pursuant to separate unapproved option agreements to Michael Higgins, William Lewis and Dr. Richard 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 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

United States employees were 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 2018, the Group continued to match contributions up to 3%. In 2017, the Group made matching contributions of up to 2% through September of 2017 and 3% thereafter 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 2017 and 2018, the remuneration for non-executive Directors consisted of stock options and fees for their services in connection with the Board and Board committees. The Non-executive Directors receive their fees wholly in cash.

Service contracts

During 2017 and 2018, the Company had service contracts with all Executive and Non-executive Directors.

Provisions in the service contracts of other Executive Directors (including the Executive Chairman/Interim Chief Executive Officer) include:

- 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.

Provisions in the service contracts of Non-executive Directors include:

- 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.

Directors' remuneration

For the years ended 31 December 2017 and 31 December 2018, the table below sets forth the compensation paid to the Directors.

	Base salary and fees $'000	Performance-related bonus $'000	Other benefits $'000	Share option benefit $'000	**Total 2018 $'000**	Total 2017 $'000
Executive:						
Dr C Richards	133	–	–	273	**406**	285
Dr R Webb*	216	–	19	116	**351**	367
Non-executive:						
M Higgins	60	–	–	–	**60**	58
W Lewis	33	–	–	–	**33**	49
	442	–	19	389	**850**	759

* Dr Webb, who was previously Executive Director for New Technology, reverted to a Non-Executive role with effect from 1st January, 2019.

Other benefits

In 2018, the Group incurred $19,000 (2017: nil) of medical, dental and life insurance expense on behalf of one Director.

Other information

During the year, the Company's share price on AIM ranged between 6.5 and 27.0p. At 31 December 2018, the share price was 7.92p. At 9 April 2019, the last working day prior to the approval of this annual report, the share price was 6.4p.

This report was approved by the Remuneration Committee and presented on its behalf by:

William M. Lewis
Chairman of Remuneration Committee
9 April 2019

REPORT OF THE DIRECTORS

The Directors present their annual report together with the audited financial statements for the year ended 31 December 2018. 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 41 and show a loss for the year of $7,692,000 (2017: loss of $5,454,000).

The Directors recommend that no dividend be paid at this time (2017: nil).

Directors

The beneficial interests of the Directors in the ordinary share capital of the Company and options to purchase ordinary shares of the Company as of 31 December 2018 were as follows:

	At 31 December 2018	
	Shares	Options
Dr C Richards	**1,638,253***	**3,363,777**
Dr R Webb	**1,015,264**	**2,073,727**
M Higgins	**70,147**	**117,647**
W Lewis	**436,620**	**89,686**

* Includes a beneficial interest of William Richards, a minor child of Dr. Christopher Richards, of 34,578 ordinary shares.

None of the Directors have any holding in any subsidiary company, nor any material interest in the transactions of the Group.

Substantial shareholders

On 9 April 2019, 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:

Name	Shares held	Percent of issued share capital*
Richard Griffiths	63,447,432	36.71
1798 Volantis	28,841,678	16.69
Boulder River Capital Corporation and its affiliates	12,651,444	7.32
Polar Capital Partners	12,044,098	6.97
Garraway Capital Management LLP	10,529,245	6.09
Universities Superannuation Scheme (USS)	5,531,558	3.20

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

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 Group's biostimulants based on the Company's Harpin platform technology. For further details of the Group's R&D activities, see the Chairman's letter and Strategic report on pages 8 to 21.

Business review

For a discussion of the Group's 2018 performance and future developments, see the Chairman's letter and Strategic report on pages 8 to 21.

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 2018 financial year:

	Board	Audit Committee	Remuneration Committee
Number of meetings held	**6**	**3**	**3**
Dr C Richards	6	–	3
Dr R Webb	6	–	–
M Higgins	6	3	3
W Lewis	6	3	3

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 at least 12 months from the approval of the Annual Report. Various sensitivity analyses have been performed to reflect possible downside scenarios (for further details see page 21 of the Strategic Report). Even in the worst case scenario whereby the Group achieves reduced revenues for the twelve months following the date of this Annual Report, the Group has sufficient resources to continue in operational existence at least 12 months from approval of the annual report. No material uncertainties that may cast significant doubt about the ability of the Group 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 Richard Webb as Directors and to re-appoint BDO LLP as the auditor of the Company.

By order of the Board

Christine Mazzone
Company secretary
9 April 2019

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 judgements and accounting estimates that are reasonable and prudent;
- state whether the group financial statements have been prepared in accordance with IFRSs, as adopted by the European Union and the Company financial statements have been prepared in accordance with applicable UK Accounting Standards, 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 at any time the financial position of the Company and the Group 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 the Group 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.

FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Plant Health Care plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2018 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, the Company statement of changes in equity, and notes to the financial statements, including a summary of significant accounting policies.

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, including Financial Reporting Standard 102. 'The Financial Reporting Standard in the United Kingdom and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice)'.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2018 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 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK")) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the Parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Matter	How we addressed the matter in our audit
Revenue recognition and adoption of IFRS 15: Revenue from Contracts with Customers (note 2 and 4) The group has adopted the new revenue accounting standard (IFRS 15) from 1 January 2018. This standard brings a new and detailed approach to accounting for revenue, with a more prescriptive framework and as such, significant emphasis has been placed on this transition throughout the audit. The Group generates revenue primarily from the sale of 3rd party and proprietary products. We considered there to be a significant audit risk arising from inappropriate or incorrect recognition of revenue where the Group makes sales under specific agreements and contracts. These sales contracts differ to 'normal' product sales in that the terms are more complex and the accounting therefore more susceptible to fraud / error. The 3rd party sales contracts will frequently have several components such as protracted payment terms, multiple performance conditions and other rebate / support payments and financing components which need to be suitably considered and accounted for so as to ensure revenue is not recorded inaccurately / recognised prematurely.	We assessed whether the revenue recognition policies adopted by the Group comply with IFRS as adopted by the European Union and Industry Standard. The relevant IFRS is International Financial Reporting Standard 15 Revenue from Contracts with Customers. Furthermore, we have performed specific testing as set out below; • A sample of sales contracts subject to additional contractual terms transacted during the year were reviewed in conjunction with management's proposed accounting treatment and we assessed whether the terms under the contract had been fulfilled and the revenue appropriately recognised. • Where the contracts are inclusive of a significant financing component, rebates / marketing support payments, we have tested a sample and agreed the estimations made by management to supporting information (historical, current and forecast) to check that the amount of revenue recognised is appropriate. • Cut-off procedures including testing invoices raised in December 2018 and January 2019 to check revenue has been recorded within the correct period. We have further reviewed the requirements of the IFRS 15 transition and reviewed the assessment of expected impacts. There has been no impact to adopting the new standard to the brought forward balances. We have reviewed the enhanced financial statement disclosures to check that they are in accordance with the requirements of the standard.
Recoverability of trade receivables (note 16) The group has adopted the new financial instrument accounting standard (IFRS 9) from 1 January 2018. IFRS 9 introduced a new impairment model based on expected credit losses. Under this approach the Group is required to consider both current conditions and forward looking information to estimate expected credit losses. The Group has significant accounts receivable balances at the year end which are frequently provided credit terms in excess of 90 days, extending in some instances to greater than 12 months. As the Group has extended into new markets and is working with new distributors with whom they have limited payment history this makes assessment of the expected credit losses particularly judgemental.	Where funds have been collected post year end we have reviewed evidence of the bank receipts and for balances subject to payment plans we have checked that receipts are in accordance with these plans. In instances where balances are not yet due or have deviated from their payment plan we have reviewed management's impairment assessment which included review of historical payment patterns and consideration of both the 12 month expected credit losses and lifetime expected credit losses as appropriate. We completed sensitivity analysis over the key variables within the expected credit loss provision calculated by management. We have further reviewed the requirements of the IFRS 9 transition and reviewed the assessment of expected impacts. There has been no impact of adopting the new standard to the brought forward balances. We have reviewed the enhanced financial statement disclosures to check that they are in accordance with the requirements of the standard.

Key audit matters continued

Matter	How we addressed the matter in our audit
Going Concern (note 2) The Directors have prepared detailed profit and loss and cashflow forecasts to December 2020 that indicate the Group has sufficient cash and cash equivalents to meet its liabilities as they fall due for a period of at least 12 months from the date of approval of the financial statements. The calculations supporting the going concern assessment require the Directors to make significant judgements.	Our audit procedures included the following: • Review of the internal forecasting process to confirm the projections are prepared by an appropriate level of staff that is aware of the detailed figures included in the forecast but also has a high level understanding of the entity's market, strategy and changes in the customer base. • Review of the forecasts prepared and challenge of the key assumptions and inputs within the model so as to determine whether there is adequate support for the assumptions underlying the forecasts. • The Directors have applied downwards sensitivities to the more variable aspects of the forecasts and also modelled a number of mitigating cash saving initiatives. We have considered the appropriateness of the sensitivities applied and confirmed that they have suitably addressed the inputs which are most susceptible to change. We have also considered the feasibility of each of the possible expenditure reductions identified. • Review of post year end management accounts, specifically comparing the cash position against that budgeted. • Made inquiries of management as to their knowledge of events or conditions beyond the period of their assessment that may cast significant doubt on the entity's ability to continue as a going concern. • Considered the adequacy of the disclosures in the financial statements against the requirements of the accounting standards.
Impairment review of the Company investment value (note 33) The Directors' have used a value in use calculation to assess the recoverability of the investment in the Plant Health Care subsidiaries carried on the Parent Company balance sheet. There is significant judgement involved in the estimation of the recoverable amount of the fixed asset investment.	We have considered whether the methodology applied to value the recoverable amount of the investment is appropriate. We have also reviewed the outcome of the accounting estimate included in the prior period financial statements. Our procedures over the value in use model then included; • Agreement of the forecast figures included within the model to the Board approved forecasts. • Review and challenge of the assumptions underpinning the forecasts and the other inputs into the value in use model. This included a recalculation of the discount rate applied.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements. In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Level of materiality applied and rationale

We determined materiality for the financial statements as a whole to be $270,000 (2017 – $300,000) which represents 5% of loss before tax excluding non-recurring items (2017 – 5% loss before tax). We used loss before tax as a benchmark as this is a primary KPI used to address the performance of the business by the Board.

Materiality for the parent company was set at $135,000 (2017 – $150,000).

Individual component audits were carried out using component materialities of between 14 – 50% of overall financial statement materiality.

Level of materiality applied and rationale continued

Performance materiality is the application of materiality at the individual account or balance level set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole. Performance materiality was set at 75% (2017 – 75%) of materiality. In setting the level of performance materiality we considered a number of factors including the expected total value of known and likely misstatements (based on past experience and other factors) and management's attitude towards proposed adjustments.

We agreed with the Audit Committee that misstatements in excess of $13,500 (2017: $15,000), which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds

An overview of the scope of our audit

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the geographic structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

In establishing the overall approach to the Group audit, we assessed the audit significance of each reporting unit in the Group by reference to both its financial significance and other indicators of audit risk, such as the complexity of operations and the degree of estimation and judgement in the financial results.

Classification of components

The Group is comprised of 2 UK companies (including Plant Health Care plc) and 4 significant international components.

A full scope statutory audit was completed for the UK subsidiary.

BDO Mexico were engaged to perform a full scope audit for group reporting purposes of the financial information of Plant Health Care de Mexico. We instructed BDO Mexico as to the scope and timing of their work on the financial information for group reporting purposes, we met with the audit team to review their audit documentation and findings.

Work on remaining components was completed by BDO UK. This was inclusive of visits to both the US and Spanish locations so as to ensure we obtained a full understanding of the operational activities, met with management and appropriately scoped risks. Our work on the Brazilian component was completed remotely.

We ensured that audit teams both at group and at component level have the appropriate skills and competencies which are needed to perform the audit.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, 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.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 34, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Iain Henderson (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
55 Baker Street,
London, W1U 7EU
9 April 2019

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 2018

	Note	2018 $'000	2017 $'000
Revenue	4	**8,128**	7,685
Cost of sales		**(2,857)**	(2,953)
Gross profit		**5,271**	4,732
Research and development expenses		**(4,090)**	(5,127)
Business development expenses		**(501)**	(623)
Sales and marketing expenses		**(3,154)**	(2,995)
Administrative expenses		**(5,559)**	(1,788)
Operating loss	5	**(8,033)**	(5,801)
Finance income	10	**90**	87
Finance expense	10	**(1)**	(2)
Loss before tax		**(7,944)**	(5,716)
Income tax credit	11	**252**	262
Loss for the year attributable to the equity holders of the parent company		**(7,692)**	(5,454)
Other comprehensive income:			
Items which will or may be reclassified to profit or loss:			
Exchange difference on translation of foreign operations		**1,120**	(1,282)
Total comprehensive loss for the year attributable to the equity holders of the parent company		**(6,572)**	(6,736)
Basic and diluted loss per share	12	**$(0.05)**	$(0.04)

The notes on pages 45 to 67 form part of these consolidated financial statements.

Consolidated statement of financial position
at 31 December 2018

	Note	2018 $'000	2017 $'000
Assets			
Non-current assets			
Intangible assets	13	**1,692**	1,898
Property, plant and equipment	14	**701**	968
Trade and other receivables	16	**140**	134
Total non-current assets		**2,533**	3,000
Current assets			
Inventories	15	**2,975**	1,536
Trade and other receivables	16	**3,357**	4,311
Tax receivable		**400**	377
Investments	19	**1,825**	2,719
Cash and cash equivalents		**2,459**	1,175
Total current assets		**11,016**	10,118
Total assets		**13,549**	13,118
Liabilities			
Current liabilities			
Trade and other payables	17	**2,404**	2,879
Finance leases	18	**–**	8
Total current liabilities		**2,404**	2,887
Total liabilities		**2,404**	2,887
Total net assets		**11,145**	10,231
Share capital	21	**2,586**	2,237
Share premium	22	**86,126**	79,786
Foreign exchange reserve	22	**731**	(389)
Accumulated deficit	22	**(78,298)**	(71,403)
Total equity		**11,145**	10,231

The consolidated financial statements were approved and authorised for issue by the Board on 9 April 2019.

Christopher Richards
Director

Registered no: 05116780 (England and Wales)

The notes on pages 45 to 67 form part of these consolidated financial statements.

Consolidated statement of changes in equity
for the year ended 31 December 2018

	Share capital $'000	Share premium $'000	Foreign exchange reserve $'000	Accumulated deficit $'000	Total $'000
Balance at 1 January 2017	2,237	79,786	893	(66,885)	16,031
Loss for the year	–	–	–	(5,454)	(5,454)
Exchange difference arising on translation of foreign operations	–	–	(1,282)	–	(1,282)
Total comprehensive income/(loss)	–	–	(1,282)	(5,454)	(6,736)
Shares issued	–	–	–	–	–
Share-based payments	–	–	–	936	936
Options exercised	–	–	–	–	–
Balance at 31 December 2017	2,237	79,786	(389)	(71,403)	10,231
Loss for the year	–	–	–	(7,692)	(7,692)
Exchange difference arising on translation of foreign operations	–	–	1,120	–	1,120
Total comprehensive income/(loss)	–	–	1,120	(7,692)	(6,572)
Shares issued	349	6,340	–	–	6,689
Share-based payments	–	–	–	797	797
Options exercised	–	–	–	–	–
Balance at 31 December 2018	**2,586**	**86,126**	**731**	**(78,298)**	**11,145**

The notes on pages 45 to 67 form part of these consolidated financial statements.

Consolidated statement of cash flows
for the year ended 31 December 2018

	Note	2018 $'000	Restated* 2017 $'000
Cash flows from operating activities			
Loss for the year		**(7,692)**	(5,454)
Adjustments for:			
Depreciation	14	**382**	393
Amortisation of intangibles	13	**206**	264
Share-based payment expense		**797**	936
Finance income	10	**(90)**	(87)
Finance expense	10	**1**	2
Foreign exchange on intercompany	26	**1,120**	(1,261)
Income taxes credit		**(252)**	(262)
Decrease/(increase) in trade and other receivables		**961**	(1,024)
Gain on disposal of fixed assets		**(7)**	(4)
Increase in inventories		**(1,439)**	(291)
(Decrease)/increase in trade and other payables		**(475)**	771
Income taxes received/(paid)		**216**	(121)
Net cash used in operating activities		**(6,272)**	(6,138)
Investing activities			
Purchase of property, plant and equipment	14	**(115)**	(125)
Sale of property, plant and equipment		**7**	4
Finance income	10	**90**	87
Purchase of investments		**(3,994)**	(2,258)
Sale of investments		**4,887**	4,888
Net cash provided by investing activities		**875**	2,596
Financing activities			
Finance expense	10	**(1)**	(2)
Issue of ordinary share capital		**6,689**	–
Repayment of finance lease principal		**(7)**	(8)
Net cash provided/(used) by financing activities		**6,681**	(10)
Net increase/(decrease) in cash and cash equivalents		**1,284**	(3,552)
Cash and cash equivalents at the beginning of period		**1,175**	4,727
Cash and cash equivalents at the end of period		**2,459**	1,175

* See note 26.

The notes on pages 45 to 67 form part of these consolidated financial statements.

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 1 Scott Place, 2 Hardman Street, Manchester M3 3AA. 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 exchange rates used to convert British Pounds to US Dollars at 31 December 2018 and 2017 were 1.2734 and 1.3491, respectively, and the average exchange rate for the years then ended were 1.3348 and 1.2885, respectively.

The functional currency of the parent company is US Dollars.

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.

Going concern

In assessing whether the going concern basis is an appropriate basis for preparing the 2018 Annual Report, the Directors have utilised its detailed forecasts which take into account its current and expected business activities, its cash and cash equivalents balance and investments of $4.3 million as shown in its balance sheet at 31 December 2018, the principal risks and uncertainties the Group faces and other factors impacting the Group's future performance.

Various sensitivity analyses have been performed to reflect possible downside scenarios as referred to above. Even in the worst case scenario whereby the Group achieves reduced revenues for the twelve months following the date of this Annual Report, the Group has sufficient resources to continue in operational existence for the foreseeable future. In order to provide sufficient headroom the Directors have identified costs savings associated with the reduction in revenues and have the ability to identify further cost savings if necessary.

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.

New standards impacting the Group that have been adopted in the annual financial statements for the year ended 31 December 2018, and which have given rise to changes in the Group's accounting policies are:

- IFRS 9 Financial Instruments; and
- IFRS 15 Revenue from Contracts with Customers.

Details of the impact of these two standards are given below.

IFRS 9 Financial Instruments

IFRS 9 has replaced IAS 39 Financial Instruments: Recognition and Measurement, and has had an effect on the Group in the following area:

- The impairment provision on financial assets measured at amortised cost (such as trade and other receivables) have been calculated in accordance with IFRS 9's expected credit loss model, which differs from the incurred loss model previously required by IAS 39. This has not resulted in a material change to the impairment provision at 1 January 2018. Details of how the Group have applied the credit loss model are set out in note 16.

IFRS 15 Revenue from Contract with Customers

- IFRS 15 has replaced IAS 18 Revenue and IAS 11 Construction Contracts as well as various Interpretations previously issued by the IFRS Interpretations Committee, noting the Group has adopted the modified retrospective approach.

The Group has reviewed and refined its revenue recognition policy in accordance with the new accounting standard. As part of this review the Group now recognises any marketing support payments provided in conjunction with sales contracts as a reduction to revenue (previously recorded as marketing expenditure, however payments made under these initiatives in prior years were immaterial such that no adjustment to opening reserves has been recorded).

Additional disclosure has also been provided regarding the nature, amount, timing and uncertainty of revenue and cash flows.

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.

2. Accounting policies continued

Basis of consolidation

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.

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. Credit terms provided to customers also affects the recognition of revenue where a significant financing component is considered to exist.

The majority of the Group's revenue is derived from selling goods with revenue recognised at a point in time when control of the goods has transferred to the customer. This is generally when the goods are delivered to the customer. However, for some sales, control might also be transferred when delivered either to the port of departure or port of arrival, depending on the specific terms of the contract with a customer. There is minimal judgement needed in identifying the point control passes to the customer: once physical delivery of the products to the agreed location has occurred, the group no longer has physical possession, usually will have a present right to payment (as a single payment on delivery) and retains none of the significant risks and rewards of the goods in question.

In the limited situations 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.

Sales support payments to customers are considered a reduction in transaction price and are recognised as a reduction to revenue as incurred.

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 Group performs annual impairment tests for goodwill at the financial year end.

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.

2. Accounting policies continued

Other intangible assets continued

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

Licences	–	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.

Foreign currency

Foreign currency transactions of individual companies are translated into the individual company's functional currency at the rate on the date the transaction occurs.

At the year end, non-functional currency monetary assets and liabilities are translated at the year-end rate with the differences being recognised in the 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 collectable within one year from the date of invoicing are recognised at invoice value less provision for expected credit losses. Trade receivables collectable 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 as 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.

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

The Group applies both the simplified and general approaches under IFRS 9 to measure expected credit losses using a lifetime expected credit loss provision for trade receivables. Under the simplified approach, expected credit losses on a collective basis, trade receivables are grouped based on credit risk and ageing. Under the general approach, trade receivables that have payment terms over 180 day are reviewed.

The expected loss rates are based on the Group's historical credit losses experienced over the three year period prior to the period end. The historical loss rates are then adjusted for current and forward-looking information on factors affecting the Group's customers.

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.

2. Accounting policies continued

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 Group'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.

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
Leasehold improvements	—	25% 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. The inventory provision is based on which products have been determined to be obsolete.

Taxation

Current tax is the expected tax payable on the taxable income arising in the period reported on, calculated using tax rates relevant to the financial period.

Companies within the group may be entitled to claim special tax allowances in relation to qualifying research and development expenditure (e.g. R&D tax credits). The Group accounts for such allowances as tax credits which means they are recognised when it is probable that the benefit will flow to the group and that the benefit can be reliably measured. R&D tax credits reduce current tax expense and to the extent the amounts are due in respect of them and not settled by the balance sheet date, reduce current tax payable.

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.

3. Critical accounting estimates and judgements

In preparing its financial statements, the Group makes certain estimates and judgements regarding the future. Estimates and judgements 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 judgements 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. When the Group makes product sales under contracts / agreements which may be inclusive of additional performance obligations, different payment terms and associated rebate or support payments judgement can be required in the assessment of the transaction price.

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.

Recoverability of trade receivables

The Group applies both the simplified and general approaches under IFRS 9 to measure expected credit losses using a lifetime expected credit loss provision for trade receivables. Under the simplified approach, expected credit losses on a collective basis, trade receivables are grouped based on credit risk and ageing. Given the Group has a low history of default limited judgement is required for trade receivables in this grouping.

The Group then separately reviews those receivables with payment terms over 180 days using the general approach. Under this approach judgements are required in the assessment of the risk and probability of credit losses and the quantum of the loss in the event of a default. The Group has debtors with a gross value (before provisioning but after the assessment of financing components) of $1.3 million within this grouping.

4. Revenue

Revenue arises from:	**2018 $'000**	2017 $'000
Proprietary products	**5,581**	5,344
Third-party products	**2,547**	2,341
Total	**8,128**	7,685

The following table gives an analysis of revenue according to sales with payment terms of less than or more than 180 days:

Year to 31 December 2018:

Segment	**Sales contracts with payment terms less than 180 days ($'000)**	**Sales contracts with payment terms greater than 180 days ($'000)**	**Total ($'000)**
Mexico	**3,127**	**–**	**3,127**
Americas	**3,270**	**–**	**3,270**
Rest of World	**769**	**962**	**1,731**
	7,166	**962**	**8,128**

4. Revenue continued

Timing of transfer of goods	Sales contracts with payment terms less than 180 days ($'000)	Sales contracts with payment terms greater than 180 days ($'000)	Total ($'000)
Point in time (delivery to port of departure)	**7,079**	**282**	**7,361**
Point in time (delivery to port of arrival)	**87**	**680**	**767**
	7,166	**962**	**8,128**

Year to 31 December 2017:

Segment	Sales contracts with payment terms less than 180 days ($'000)	Sales contracts with payment terms greater than 180 days ($'000)	Total ($'000)
Mexico	2,880	–	2,880
Americas	444	1,155	1,599
Rest of World	1,139	2,067	3,206
	4,463	3,222	7,685

Timing of transfer of goods	Sales contracts with payment terms less than 180 days ($'000)	Sales contracts with payment terms greater than 180 days ($'000)	Total ($'000)
Point in time (delivery to port of departure)	4,157	1,278	5,435
Point in time (delivery to port of arrival)	306	1,944	2,250
	4,463	3,222	7,685

Financing component of sales contracts	($'000)
At 1 January 2018	–
Financing components recognised	324
Financing components unwound to the income statement	(20)
At 31 December 2018	**304**

5. Operating loss

	Note	2018 $'000	2017 $'000
Operating loss is arrived at after charging/(crediting):			
Share-based payment charge	8	**797**	936
Depreciation	14	**382**	393
Amortisation of intangibles	13	**206**	264
Operating lease expense		**420**	446
Gain on disposal of property, plant and equipment		**(7)**	(4)
Impairment of trade receivables		**174**	–
Employee termination costs		**308**	228
Foreign exchange losses/gains		**1,485**	(1,432)
Auditor's remuneration:			
Amounts for audit of parent company and consolidation		**95**	79
Amounts for audit of subsidiaries		**41**	34
Total auditor's remuneration		**136**	113

6. Staff costs

Staff costs for all employees, including Executive Directors, comprise:

	2018 $'000	2017 $'000
Wages and salaries	**4,082**	3,910
Social security and payroll taxes	**363**	326
Defined contribution pension costs	**71**	58
Medical and other benefits	**260**	275
Redundancy	**308**	228
	5,084	4,797
Share-based payments charge	**797**	936
	5,881	5,733

The average number of employees of the Group during the year, including Executive Directors, was as follows:

	2018	2017
Research	**9**	12
Development	**1**	2
Administration	**8**	7
Sales and marketing	**19**	16
	37	37

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 pages 29 to 31.

	2018 $'000	2017 $'000
Base salary, fees and bonuses	**442**	421
Other short-term employee benefits	**19**	–
Share-based payments	**389**	338
Social security and taxes	**56**	45
	906	804

No Executive Directors who served during the year were eligible to participate in the Group's 401(k) retirement plan (2017: $nil).

The highest-paid Director earned $234,000 (2017: $200,000) consisting of an annual salary, a $16,000 bonus payout (2017: nil) and $19,000 (2017: nil) of other benefits.

8. Share-based payments

The Company operates three equity-settled share-based remuneration schemes for employees: a share option scheme and two employee share option plans, as described in the "Elements of remuneration" section for Executive Directors within the Remuneration Committee report on pages 29 to 31.

(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 10th 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.

(b) 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 ("EMI") options as well as non-qualifying options ("NQO"). No share options were granted under this scheme in 2018.

8. Share-based payments continued

(b) 2015 Employee Share Option Plan continued

The valuation of the awards granted under the 2015 Employee Share Option Plan during the year ended 31 December 2017 were as follows:

	6 February 2017
Share options granted	4,285,132
Weighted average fair value	7p
Assumptions used in measuring fair value:	
Weighted average share price	17p
Exercise price	20p
Risk-free rate	0.44%
Expected vesting period (years)	1.0 – 3.0
Option life (years)	10.0
Expected volatility	60.0%
Expected dividend rate	0.0%

The valuation of the share options granted during the year ended 31 December 2017 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:
  - One-third of options are exercisable when the arithmetic mean closing price of the shares over 60 trading days exceeds 25p since the grant date;
  - One-third of options are exercisable when the arithmetic mean closing price of the shares over 60 trading days exceeds 40p since the grant date; and
  - One-third of options are exercisable when the arithmetic mean closing price of the shares over 60 trading days exceeds 50p since the grant date.

(c) 2017 Employee Share Option Plan

In May 2017, the Board approved the 2017 Employee Share Option Plan. The plan provides for the issuance of options for ordinary share capital of the Company to both employees and non-employees. The 2017 Employee Share Option Plan provides for the grant of both enterprise management incentive ("EMI") options as well as non-qualifying options ("NQO").

The valuation of the awards granted under the 2017 Employee Share Option Plan during the years ended 31 December 2017 and 31 December 2018 were as follows:

	19 May 2017	10 July 2017	25 May 2018
Share options granted	2,842,788	3,936,920	5,627,716
Weighted average fair value	12p	14p	12p
Assumptions used in measuring fair value:			
Weighted average share price	27p	28p	24p
Exercise price	26p	25p	24p – 50p
Risk-free rate	0.28%	0.61%	0.98%
Expected vesting period (years)	1.0 – 3.0	1.0 – 3.0	1.0 – 3.0
Option life (years)	10.0	10.0	10.0
Expected volatility	60.0%	60.0%	60.0%
Expected dividend rate	0.0%	0.0%	0.0%

The valuation of the share options granted during the year ended 31 December 2018 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 performance conditions for these options.

Additional details of share-based payments are provided in note 21.

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 Rest of World segment includes the results of the United Kingdom and Spanish subsidiaries, which together operate across Europe and South Africa.
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 PRE*tec* platform.

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

2018	Americas $'000	Mexico $'000	Rest of World $'000	Elimination $'000	Total Commercial $'000	New Technology $'000	Total $'000
Revenue*							
Proprietary product sales	**3,244**	**606**	**1,731**	**–**	**5,581**	**–**	**5,581**
Third-party product sales	**26**	**2,521**	**–**	**–**	**2,547**	**–**	**2,547**
Inter-segment product sales	**1,539**	**–**	**67**	**(1,606)**	**–**	**–**	**–**
Total revenue	**4,809**	**3,127**	**1,798**	**(1,606)**	**8,128**	**–**	**8,128**
Group consolidated revenue	**4,809**	**3,127**	**1,798**	**(1,606)**	**8,128**	**–**	**8,128**
Cost of sales	**(2,242)**	**(1,574)**	**(647)**	**1,606**	**(2,857)**	**–**	**(2,857)**
Research and development	**–**	**–**	**–**	**–**	**–**	**(3,487)**	**(3,487)**
Business development	**(478)**	**–**	**–**	**–**	**(478)**	**(23)**	**(501)**
Sales and marketing	**(1,302)**	**(805)**	**(1,047)**	**–**	**(3,154)**	**–**	**(3,154)**
Administration**	**(786)**	**(250)**	**(1,001)**	**–**	**(2,037)**	**(193)**	**(2,230)**
Non-cash expenses:							
Depreciation	**(25)**	**(51)**	**(4)**	**–**	**(80)**	**(302)**	**(382)**
Amortisation	**(201)**	**–**	**(5)**	**–**	**(206)**	**–**	**(206)**
Share-based payment	**(17)**	**–**	**(61)**	**–**	**(78)**	**(395)**	**(473)**
Segment operating (loss)/profit	**(242)**	**447**	**(967)**	**–**	**(762)**	**(4,400)**	**(5,162)**
Corporate expenses***							
Wages and professional fees							**(1,334)**
Administration****							**(1,537)**
Operating loss							**(8,033)**
Finance income							**90**
Finance expense							**(1)**
Loss before tax							**(7,944)**

* Revenue from one customer within the Americas segment totalled $1,611,000, or 20% of Group revenues.
Revenue from one customer within the Mexico segment totalled $1,089,000 or 14% of Group revenues.
Revenue from one customer within the Rest of World segment totalled $1,100,000 or 14% of Group revenues.

** The Administration expense for the Rest of World segment includes a charge of $600,000 for the write-off of receivables. During 2018, the Group transferred stock from our original distributor to a new distributor in South Africa in order to strengthen its sales position in this region. This transfer of stock has been accounted for by the Group recording a write-off of receivables with the original distributor of $600,000.

*** 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 $324,000 attributed to corporate employees who are not affiliated with any of the Commercial or New Technology segments.

Other segment Information

	Americas $'000	Mexico $'000	Rest of World $'000	Eliminations $'000	Total Commercial $'000	New Technology $'000	Total $'000
Segment assets	**8,369**	**2,103**	**2,501**	**–**	**12,973**	**576**	**13,549**
Segment liabilities	**1,630**	**414**	**168**	**–**	**2,212**	**192**	**2,404**
Capital expenditure	**14**	**58**	**–**	**–**	**72**	**43**	**115**

9. Segment information continued

2017	Americas $'000	Mexico $'000	Rest of World $'000	Elimination $'000	Total Commercial $'000	New Technology $'000	Total $'000
Revenue*							
Proprietary product sales	1,574	570	3,200	–	5,344	–	5,344
Third-party product sales	25	2,310	6	–	2,341	–	2,341
Inter-segment product sales	1,608	–	85	(1,693)	–	–	–
Total revenue	3,207	2,880	3,291	(1,693)	7,685	–	7,685
Group consolidated revenue	3,207	2,880	3,291	(1,693)	7,685	–	7,685
Cost of sales	(1,978)	(1,440)	(1,228)	1,693	(2,953)	–	(2,953)
Research and development	–	–	–	–	–	(4,350)	(4,350)
Business development	(561)	–	–	–	(561)	(62)	(623)
Sales and marketing	(1,277)	(688)	(1,030)	–	(2,995)	–	(2,995)
Administration	(860)	(318)	(58)	–	(1,236)	(188)	(1,424)
Non-cash expenses:							
Depreciation	(30)	(55)	(7)	–	(92)	(301)	(393)
Amortisation	(255)	–	(9)	–	(264)	–	(264)
Share-based payment	(83)	(3)	(70)	–	(156)	(632)	(788)
Segment operating (loss)/profit	(1,837)	376	889	–	(572)	(5,533)	(6,105)
Corporate expenses**							
Wages and professional fees							(1,048)
Administration***							1,352
Operating loss							(5,801)
Finance income							87
Finance expense							(2)
Loss before tax							(5,716)

* Revenue from one customer within the Americas segment totalled $1,001,000, or 13% of Group revenues.
Revenue from one customer within the Rest of World segment totalled $1,958,000, or 25% of Group revenues.
Revenue from one customer within the Mexico segment totalled $989,000, or 13% 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 $148,000 attributed to corporate employees who are not affiliated with any of the Commercial or New Technology segments.

Other segment information

	Americas $'000	Mexico $'000	Rest of World $'000	Eliminations $'000	Total Commercial $'000	New Technology $'000	Total $'000
Segment assets	7,014	1,997	3,198	–	12,209	909	13,118
Segment liabilities	1,630	251	420	–	2,301	586	2,887
Capital expenditure	–	34	4	–	38	87	125

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.

9. Segment information continued

Geographic information

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

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

	Year Ended 31 December 2018		Year Ended 31 December 2017	
	Amount $'000	**Percent**	Amount $'000	Percent
United Kingdom	**1,126**	**14**	2,687	35
United States	**2,101**	**26**	1,598	21
Mexico	**3,127**	**38**	2,880	37
All other	**1,774**	**22**	520	7
Total	**8,128**	**100**	7,685	100

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

	Year Ended 31 December 2018		Year Ended 31 December 2017	
	Amount $'000	**Percent**	Amount $'000	Percent
United Kingdom	**16**	**1**	31	1
United States	**2,307**	**91**	2,782	93
Mexico	**201**	**8**	180	6
All other	**9**	**–**	7	–
Total	**2,533**	**100**	3,000	100

10. Finance income and expense

	2018 $'000	2017 $'000
Finance income		
Interest on deposits and investments	**70**	87
Financing component of revenue contracts	**20**	–
	90	87
Finance expense		
Interest on finance leases	**(1)**	(2)

11. Tax credit

	2018 $'000	2017 $'000
Current tax on loss for the year	**(239)**	(256)
Deferred tax – origination and reversal of timing differences	**(13)**	(6)
Total tax credit	**(252)**	(262)

11. Tax credit continued

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:

	2018 $'000	2017 $'000
Loss before tax	**(7,944)**	(5,716)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.0% (2017: 19.3%)	**(1,509)**	(1,100)
Effect on tax rates in foreign jurisdictions	**48**	–
Disallowable expenses	**7**	31
Share-based payment expense per accounts	**151**	180
Prior period R&D credit	**(419)**	(360)
Losses available for carryover	**1,365**	1,225
Losses utilised in the year	**–**	(398)
Capital allowances in excess of amortisation	**(79)**	(80)
Other temporary differences	**184**	240
Actual tax credit	**(252)**	(262)

Deferred tax asset	Deferred taxation $'000
At 1 January 2018	66
Credited to the profit and loss account	13
At 31 December 2018	**79**

The deferred tax asset comprises sundry timing differences.

At 31 December 2018, the Group had a potential deferred tax asset of $18,456,752 (2017: $17,557,554) which includes tax losses available to carry forward of $17,793,692 (2017: $16,226,770) (being actual federal, foreign and state losses of $98,786,744 (2017: $89,835,719)) arising from historical losses incurred and other timing differences of $1,621,447.

12. Loss per share

Basic loss per ordinary share has been calculated on the basis of the loss for the year of $7,692,000 (2017: loss of $5,454,000) and the weighted average number of shares in issue during the period of 168,850,278 (2017: 147,822,881).

Equity instruments of 14,098,057 (2017: 9,709,418), which includes share options, the 2015 Employee Share Option Plan and the 2017 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 operations for the year.

13. Intangible assets

	Goodwill $'000	Licences and registrations $'000	Trade name and customer relationships $'000	Total $'000
Cost				
Balance at 1 January 2017	1,620	3,342	159	5,121
Additions – externally acquired	–	–	–	–
Balance at 31 December 2017	1,620	3,342	159	5,121
Additions – externally acquired	–	–	–	–
Balance at 31 December 2018	**1,620**	**3,342**	**159**	**5,121**
Accumulated amortisation				
Balance at 1 January 2017	–	2,800	159	2,959
Amortisation charge for the year	–	264	–	264
Balance at 31 December 2017	–	3,064	159	3,223
Amortisation charge for the year	–	206	–	206
Balance at 31 December 2018	**–**	**3,270**	**159**	**3,429**
Net book value				
At 1 January 2017	1,620	542	–	2,162
At 31 December 2017	1,620	278	–	1,898
At 31 December 2018	**1,620**	**72**	**–**	**1,692**

The intangible asset balances have been tested for impairment using discounted budgeted cash flows of the relevant cash generating units. For the years ended 31 December 2017 and 2018, cash flows are projected over a five-year period with a residual growth rate assumed at 0%. For the years ended 31 December 2017 and 2018, a pre-tax discount factor of 15.6% and 14.9% has been used over the forecast period.

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.

Licences and registrations

These amounts represent the cost of licences 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. 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 licenses and registrations.

14. Property, plant and equipment

	Production machinery $'000	Office equipment $'000	Leasehold improvements $'000	Vehicles $'000	Total $'000
Cost					
Balance at 1 January 2017	13	1,016	810	330	2,169
Additions	–	90	5	30	125
Disposals	(13)	–	–	–	(13)
Balance at 31 December 2017	–	1,106	815	360	2,281
Additions	–	53	4	58	115
Disposals	–	–	–	(7)	(7)
Balance at 31 December 2018	**–**	**1,159**	**819**	**411**	**2,389**
Accumulated depreciation					
Balance at 1 January 2017	13	536	193	191	933
Depreciation charge for the year	–	338	13	42	393
Disposals	(13)	–	–	–	(13)
Balance at 31 December 2017	–	874	206	233	1,313
Depreciation charge for the year	–	171	167	44	382
Disposals	–	–	–	(7)	(7)
Balance at 31 December 2018	**–**	**1,045**	**373**	**270**	**1,688**
Net book value					
At 1 January 2017	–	480	617	139	1,236
At 31 December 2017	–	232	609	127	968
At 31 December 2018	**–**	**114**	**446**	**141**	**701**

The net book value of property, plant and equipment includes an amount of $nil (2017: $6,429) in respect of assets held under finance leases. Depreciation expense includes an amount of $nil (2017: $7,700) in respect of assets held under finance leases.

15. Inventories

	2018 $'000	2017 $'000
Raw materials	**114**	41
Finished goods and goods for resale	**2,861**	1,495
	2,975	1,536

The inventory provision amount reversed during the year was $4,313 (2017: reversal of $10,794). In 2018, raw materials and finished goods for resale included in cost of sales was $2.7 million (2017: $2.8 million).

16. Trade and other receivables

	2018 $'000	2017 $'000
Current:		
Trade receivables	**3,366**	4,131
Less: provision for impairment	**(186)**	(52)
Trade receivables, net	**3,180**	4,079
Other receivables and prepayments	**177**	232
Current trade and other receivables	**3,357**	4,311
Non-current:		
Other receivables	**61**	68
Less: provision for impairment	**–**	–
Deferred tax asset (see note 11)	**79**	66
Non-current trade and other receivables	**140**	134
	3,497	4,445

The trade receivable current balance represents trade receivables with a due date for collection within a one-year period. The other receivable non-current balance represents lease deposits.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses for sales contracts with 180 days or fewer payment terms. To measure expected credit losses on a collective basis, trade receivables and contract assets are grouped based on similar credit risk and ageing. The expected loss rates are based on the Group's historical credit losses experienced over the three year period prior to the period end. For contracts provided on these terms, the credit risk and history of default is immaterial such that no provision is assessed.

Sales contract receivables provided on terms greater than 180 days are at first discounted to recognise the financing component of the transaction and then assessed using the "general approach". Under this approach, the Group models and probability weights a number of scenarios based on their assessment of the credit risk and historical expected losses.

	Considered under the simplified approach $'000	Considered under the general approach $'000
Trade receivables	**2,068**	1,298
Expected credit loss assessed	**(8)**	(178)
	2,060	1,120

The receivables considered under the general approach relates to two customers in the Rest of World segment. These receivables had payment terms in excess of 12 months. The key considerations in the assessment of the provision were the probability of default, expected loss in the event of default and the exposure at the point of default.

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

No transitional adjustment was assessed at 1 January 2018 owing to the credit risk profile of trade receivables at this date.

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

	2018 $'000	2017 $'000
Balance at the beginning of the year	**52**	51
Provided	**775**	(2)
Receivables written off as uncollectible	**(641)**	(1)
Foreign exchange	**–**	4
Balance at the end of the year	**186**	52

The net value of trade receivables for which a provision for impairment has been made is $1,306,000 (2017: $80,000).

16. Trade and other receivables continued

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

	2018 $'000	2017 $'000
Current	**2,608**	3,927
Past due:		
Up to 30 days	**1**	7
31 to 60 days	**82**	17
61 to 90 days	**24**	39
Greater than 90 days	**465**	89
Total	**3,180**	4,079

17. Trade and other payables

	2018 $'000	2017 $'000
Current:		
Trade payables	**1,434**	1,523
Accruals	**918**	1,292
Taxation and social security	**50**	62
Income tax liability	**2**	2
	2,404	2,879

18. Finance leases

(a) Current borrowings

	2018 $'000	2017 $'000
Finance leases	**–**	8

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

(b) Due date for payment:

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

	Trade and other payables		Finance leases	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
In less than one year	**1,681**	1,863	**–**	8
In more than one year, but less than two years	**–**	–	**–**	–
	1,681	1,863	**–**	8

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 note 22.

(b) Categories of financial assets and financial liabilities

	Fair value through profit or loss		Amortised cost (loans and receivables)	
	2018 $'000	2017 $'000	**2018 $'000**	2017 $'000
Financial assets				
Trade and other receivables	**–**	–	**3,180**	4,147
Investments	**1,825**	2,719	**–**	–
Cash and cash equivalents	**–**	–	**2,459**	1,175
	1,825	2,719	**5,639**	5,322

	Amortised cost	
	2018 $'000	2017 $'000
Financial liabilities		
Trade and other payables	**1,681**	1,863
Borrowings due within one year	**–**	8
Borrowings due after one year	**–**	–
	1,681	1,871

The amounts disclosed for all of the above financial assets and financial liabilities approximate fair value in all material respects. Accrued liabilities are not included in the table as owing to their nature they are not classified as financial liabilities.

(c) Investments

2018 – Investments

Description	Classification	**2018 Value ($'000)**
PNC Money Market Fund	Government	**77**
PNC Ultra Short Bond Fund	Mutual Fund	**1,748**
		1,825

2017 – Investments

Description	Classification	2017 Value ($'000)
PNC Money Market Fund	Government	1
PNC Ultra Short Bond Fund	Mutual Fund	2,718
		2,719

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.

19. Financial instruments continued

(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. 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 at least 12 months from the approval of the financial statements.

(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.

(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:

	Assets		Liabilities	
	2018 $'000	2017 $'000	**2018 $'000**	2017 $'000
Euro	**152**	220	**46**	263
Pound Sterling	**1,849**	2,595	**122**	157
Mexican Peso	**1,262**	1,360	**413**	251
Brazilian Real	**772**	–	**120**	–

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. A significant change in the Mexican Peso or British Pound could have a negative impact on the Group's gross profit.

A hypothetical 10% change (positive or negative) in foreign currency exchange rates applicable to our business would have the following effect (increase or decrease) on revenue:

	2018 $'000	2017 $'000
Mexican Peso	**313**	288
Pound Sterling	**113**	277
Brazilian Real	**117**	–

A hypothetical 10% change (positive or negative) in foreign currency exchange rates applicable to our business would have the following effect (increase or decrease) on expenses:

	2018 $'000	2017 $'000
Mexican Peso	**268**	250
Pound Sterling	**593**	690
Brazilian Real	**101**	–

19. Financial instruments continued

(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.

(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 US, Europe, South Africa 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 2018.

Name	Registered addresses	Country of incorporation or registration	Proportion of voting rights and ordinary share capital held	Nature of business
Plant Health Care, Inc.	701 S. Carson Street Suite 200 Carson City, NV 89701	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.	Bodega 26 Avenida Ceylan 959 Colonia Industrial Vallejo 2300 Ciudad de Mexico CDMX, Mexico	Mexico	100%*	Sales
Plant Health Care (UK) Limited	1 Scott Place 2 Hardman Street Manchester M3 3AA	United Kingdom	100%*	Sales
Plant Health Care España	CL. Serrano, 76 28.612, Madrid	Spain	100%*	Sales
Plant Health Care Brazil	Rua Dr Antonio Cento 560 – cj 708 São Paulo – SP CEP 04750-001	Brazil	100%*	Sales
VAMTech, LLC	2711 Centerville Road Suite 400 Wilmington, DE 19808	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.

21. Share capital

(a) Issued share capital

	2018 $'000	2017 $'000
Allotted, called up and fully-paid share capital:		
172,822,881 (2017: 147,822,881) ordinary shares at £0.01 each	**2,586**	2,237

(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 2017	147,822,881	2,237
Shares issued	–	–
In issue at 31 December 2017	147,822,881	2,237
Shares issued	25,000,000	349
In issue at 31 December 2018	**172,822,881**	**2,586**

During the year ended 31 December 2018, the following fully paid £0.01 ordinary shares in the Company were issued:

i.) 25,000,000 new ordinary shares with net proceeds of $6,689,000 (directly attributable costs of $270,000) were issued pursuant to an equity placing at £0.20 per share.

(c) Other equity instruments

The Company had the following other equity instruments in issue at 31 December 2018 and 2017:

	2018 Number	2017 Number
Share awards under the 2004 plan	**414,538**	806,038
Share awards under 2015 plan	**3,511,635**	4,359,212
Share awards under 2017 plan	**10,171,884**	4,544,168
	14,098,057	9,709,418

(d) Share options

(i) 2004 Employee Share Option Plan

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 10th 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:

	Options over ordinary shares			
	Directors and former Directors	Other	Total	Weighted average exercise price
Outstanding at 1 January 2017	535,538	456,000	991,538	148p
Awarded	–	–	–	–
Exercised	–	–	–	–
Forfeited	–	(185,500)	(185,500)	225p
Outstanding at 31 December 2017	535,538	270,500	806,038	131p
Awarded	–	–	–	–
Exercised	–	–	–	–
Forfeited	(200,000)	(191,500)	(391,500)	168p
Outstanding at 31 December 2018	**335,538**	**79,000**	**414,538**	**96p**

Of the total number of options outstanding at 31 December 2018, 414,538 (2017: 716,652) had vested and were exercisable. The weighted average exercise price was 96p (2017: 133p).

The options outstanding at 31 December 2018 have a weighted average remaining life of 3.17 years (2017: 2.28 years) and the range of exercise prices is 53p to 254p (2017: 53p to 325p).

21. Share capital continued

(d) Share options continued

(ii) 2015 Employee Share Option Plan

	Directors	Other	Total	Weighted average exercise price
Outstanding at 31 December 2016	1,790,000	266,250	2,056,250	105p
Awarded	–	4,285,132	4,285,132	20p
Forfeited	(1,790,000)	(192,170)	(1,982,170)	99p
Outstanding as 31 December 2017	–	4,359,212	4,359,212	24p
Awarded	–	–	–	–
Forfeited	–	(847,577)	(847,577)	27p
Outstanding as 31 December 2018	**–**	**3,511,635**	**3,511,635**	**23p**

Of the total number of options outstanding at 31 December 2018, 177,500 (2017: 177,500) had vested and were exercisable.

The options outstanding at 31 December 2018 have a weighted average remaining life of 2.0 years (2017: 3.0 years) and the range of exercise prices is 20p to 89p (2017: 20p to 89p).

(iii) 2017 Employee Share Option Plan

	Directors	Other	Total	Weighted average exercise price
Outstanding at 31 December 2016	3,768,577	3,011,131	6,779,708	25p
Awarded	–	–	–	–
Forfeited	(786,920)	(1,448,620)	(2,235,540)	25p
Outstanding as 31 December 2017	2,981,657	1,562,511	4,544,168	25p
Awarded	2,327,642	3,300,074	5,627,716	29p
Forfeited	–	–	–	–
Outstanding as 31 December 2018	**5,309,299**	**4,862,585**	**10,171,884**	**28p**

Of the total number of options outstanding at 31 December 2018, 5,627,716 (2017: 1,701,380) had vested and were exercisable.

The options outstanding at 31 December 2018 have a weighted average remaining life of 8.98 years and the range of exercise prices is 24p to 50p.

22. Reserves

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

Reserve	Description and purpose
Share capital	Amount subscribed for share capital at nominal value.
Share premium	Amount subscribed for share capital in excess of nominal value.
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 2018, the Group's pension expense under the scheme was $61,296 (2017:$50,532). Mexico has a government-run pension plan to which our operations there must contribute. In 2018, the expense for this plan was $2,083 (2017: $1,828). Several United Kingdom employees receive contributions to their pension plans. The expense for this was $7,808 (2017: $7,310). The total pension liability at the end of the year was $71,188 (2017: $59,670).

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:

2018	Minimum lease payments $'000	Interest $'000	Present value $'000
Not later than one year	–	–	–
Later than one year and not later than five years	–	–	–
	–	–	–

2017	Minimum lease payments $'000	Interest $'000	Present value $'000
Not later than one year	8	–	8
Later than one year and not later than five years	–	–	–
	8	–	8

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:

	2018 $'000	2017 $'000
Not later than one year	**378**	364
Later than one year and not later than five years	**434**	554
	812	918

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

The IASB and the International Financing 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:

New standards and interpretations currently in issue but not effective, based on EU mandatory effective dates are:

Standard	Description	Effective date	Expected impact
IFRS 16	Leases	1 January 2019	Assessment ongoing

IFRS 16:

IFRS 16 "Leases" was issued in January 2016 to replace IAS 17 "Leases". The standard is effective for accounting periods beginning on or after 1 January 2019.

IFRS 16 will primarily change lease accounting for lessees; lease agreements will give rise to the recognition of an asset representing the right to use the leased item and a loan obligation for future lease payables. Lease costs will be recognised in the form of depreciation of the right to use asset and interest on the lease liability. Lessee accounting under IFRS 16 will be similar in many respects to existing IAS 17 accounting for finance leases, but will be substantively different to existing accounting for operating leases where rental charges are currently recognised on a straight-line basis and no lease asset or lease loan obligation is recognised.

The Group is still assessing the potential impact of the alterations across its four leases.

No other standards or amendments are considered likely to have an effect on the financial statements going forward. Plant Health Care does not anticipate that the adoption of these standards and interpretations will have a material accounting impact on the Group's financial statements.

26. Note supporting statement of cash flows

	Finance leases $'000 Note 18	Share Capital $'000 Note 22	Share Premium $'000 Note 22	Total $'000
At 1 January 2018	8	2,237	79,786	82,031
Cash Flows:				
Repayment of finance lease principal	(7)	–	–	(7)
Finance expense	(1)	–	–	(1)
Issue of Ordinary Share Capital	–	349	6,340	6,689
At 31 December 2018	**–**	**2,586**	**86,126**	**88,712**

Foreign exchange losses of $1,120,000 (2017: $1,261,000 gain) arising on intercompany balances within the consolidated statement of cash flows, have been reclassified to within 'cash flows from operating activities', so as to better reflect the nature of the non-cash movement. This has had no impact on the closing cash balances previously reported.

Company statement of financial position
at 31 December 2018

	Note	2018 $'000	2017 $'000
Fixed assets			
Fixed asset investments	33	**16,381**	19,018
Current assets			
Debtors	35	**27**	18
Cash at bank and in hand		**392**	220
Total current assets		**419**	238
Creditors: amounts falling due within one year	36	**312**	298
Net current assets/(liabilities)		**107**	(60)
Total assets less current liabilities		**16,488**	18,958
Capital and reserves			
Called-up share capital	30	**2,586**	2,237
Share premium	30	**86,126**	79,786
Accumulated deficit	30	**(72,224)**	(63,065)
Shareholders' funds		**16,488**	18,958

The financial statements were approved and authorised for issue by the Board on 9 April 2019.

Christopher Richards
Director

Registered no: 05116780 (England and Wales)

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 in these financial statements. The Group's loss for the year includes loss after tax of $9,956,000 (2017: loss of $6,297,000), which is dealt with in the financial statements of the parent company.

The notes on pages 70 to 72 form part of these financial statements.

Company statement of changes in equity
for the year ended 31 December 2018

	Share Capital $'000	Share premium $'000	Accumulated deficit $'000	Total $'000
Balance at 1 January 2017	2,237	79,786	(57,704)	24,319
Shares issued	–	–	–	–
Share-based payment	–	–	936	936
Loss in the year	–	–	(6,297)	(6,297)
Balance at 31 December 2017	2,237	79,786	(63,065)	18,958
Shares issued	349	6,340	–	6,689
Share-based payment	–	–	797	797
Loss in the year	–	–	(9,956)	(9,956)
Balance at 31 December 2018	**2,586**	**86,126**	**(72,224)**	**16,488**

The notes on pages 70 to 72 form part of these financial statements.

27. 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.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies. See note 28.

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 judgements 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 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.

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.

28. Judgement in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the Directors have made the following judgements:

- 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. More details are included in note 33.

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.

32. Staff costs

Staff costs for all employees, including Executive Directors, comprise:

	2018 $'000	2017 $'000
Wages and salaries	**246**	261
Social security and payroll taxes	**46**	34
	292	295
Share-based payments charge	**289**	515
	581	810

The average number of employees of the Group during the year, including Executive Directors, was four (2017: four).

33. Fixed asset investments

	Shares in Group undertakings $'000	Loans to Group undertakings $'000	Total $'000
Cost			
Cost at 1 January 2017	16,915	60,206	77,121
Additions, net of repayments	–	3,946	3,946
Cost at 31 December 2017	16,915	64,152	81,067
Additions, net of repayments	–	6,836	6,836
Cost at 31 December 2018	**16,915**	**70,988**	**87,903**
Impairments			
Impairments at 1 January 2017	(16,915)	(37,556)	(54,471)
Charge	–	(7,578)	(7,578)
Impairments at 31 December 2017	(16,915)	(45,134)	(62,049)
Charge	–	(9,473)	(9,473)
Impairments at 31 December 2018	**(16,915)**	**(54,607)**	**(71,522)**
Net book value			
At 31 December 2017	–	19,018	19,018
At 31 December 2018	**–**	**16,381**	**16,381**

The fixed asset investment balances have been tested for impairment using discounted budgeted cash flows, a pre-tax discount rate of 14.9% (2017: 15.6%), and performance projections over five years. The calculated net present value in this review is $16,381,000 (2017: net present value $19,018,000), which resulted in an impairment of $9,473,000 in 2018 (2017: $7,577,000).

34. Subsidiary undertakings

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

35. Debtors

	2018 $'000	2017 $'000
Prepayments	**27**	18

All amounts fall due within one year.

36. Creditors

	2018 $'000	2017 $'000
Trade creditors	**117**	103
Accruals	**195**	195
Totals	**312**	298

37. Share capital

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

38. 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.

Directors

Dr Christopher G J Richards
Executive Chairman/Interim CEO

Dr Richard H Webb
Non-executive Director

Michael J Higgins
Senior Independent Director

William M Lewis
Non-executive Director

Secretary
Christine Mazzone

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Produced by designportfolio

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