



**Press Release**

**2 July 2007**

**Plant Impact plc**

("Plant Impact" or "the Group")

**Audited Final Results for the year ended 31 March 2007**

Plant Impact plc (AIM:PIM), a global developer of plant stress management technologies, today announces its audited final Results for the year ended 31 March 2007.

**Corporate Highlights**

- 1 Successful listing on AIM in October 2006, raising £3.3m (net of expenses).
- 2 Sales
  - Continued development of sales in the Middle East
  - First sales in the USA and EU of nutrient products
  - First sales in the European Home and Garden market including a Tesco own label product
- 3 Distribution agreements with Certis Europe BV and Doff Portland
- 4 Strengthened management team

**Research & Development Highlights**

- 5 BugOil® registration in America and United Kingdom in progress
- 6 Positive field trial results, 40 trials undertaken in Europe, East Africa and the Middle East
- 7 Research agreement with Lancaster University

**Financial Highlights**

- 8 Sales increase of 9%
- 9 Loss on ordinary activities before taxation for the year ended 31 March 2007 of £1.9m (15 months ending 31 March 2006: loss £1.1m)
- 10 Cash and liquid resources at 31 March 2007 of £3.1m (2006: £0.5m)

Martin Robinson, Chairman of Plant Impact plc, commented:

"The Group has made significant progress over the year. The flotation of Plant Impact on AIM in October 2006 has given the Group the financial stability to take the

business to the next significant stage of its development.”

“Plant Impact has continued to make progress in the Middle East, North Africa and European markets through its established distribution channels. Sales in the USA and in the European home and garden sector in the latter part of the year have opened up these markets for the Group sooner than we had expected. Evaluation field trials, on both the Group’s crop nutrient and botanical pesticide products, are being conducted by a number of multi-national agricultural chemicals companies in America, Japan, the Middle East and North Africa, Spain and Chile, with a view to them entering into distribution and/or licensing agreements. We remain confident of the successful development and commercialisation of our products.”

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## **Chairman's Statement**

I am very pleased to present Plant Impact's results for the year ended 31 March 2007 during which the Group has made significant progress. The flotation of the Group on AIM in October 2006 has given the Group the financial stability to take the business to the next significant stage of its development, enabling it to expand its sales team, invest in the registration of BugOil® (the Group's pest control product), fund further trials to demonstrate the efficacy of the products and to negotiate distribution and licensing deals around the world, where the improved balance sheet should put the Group in a stronger negotiating position.

## **Financial Review**

During the year ended 31 March 2007, Plant Impact has traded in line with expectations. Turnover for the year was £377,237, compared with £345,811 for the fifteen months ended 31 March 2006. The Group operating loss was £1,495,979 compared with £920,094 for the fifteen months ended 31 March 2006, the increase reflecting the additional expenditure on people, product development and field trials during the year. Interest charges, accounting for share-based payments (£107,641) and the redemption premium (£394,079) on the convertible loan stock increased the loss before taxation to £1,869,237 compared with £1,060,388 for the fifteen months ended 31 March 2006.

All outstanding loans were converted into equity on flotation, discharging the Group's liability in respect of convertible loan stock, including the redemption premium thereon, a preferred loan and two short-term loans, in total amounting to £1,647,000. A further £3.3 million, net of expenses, was raised by a placing on to the AIM market, resulting in a much stronger balance sheet. Net assets at 31 March 2007 were £3,481,379 including cash and short term investments of £3,077,959, compared with net liabilities of £180,801 with cash of £446,770 at 31 March 2006.

## **Commercial development**

All of Plant Impact's sales to date have been generated from the Group's range of nutrient products.

The majority of the Group's sales in the year were in the Middle East and North Africa ("MENA"). The Group has a number of established distribution agreements in this region and is represented by Pi-MENA, an independent sales agency based in Jordan, working exclusively for Plant Impact. The Directors have decided to concentrate their efforts in the Middle East on the distribution relationships in Saudi Arabia, Egypt, Syria, Morocco and Algeria, being the markets that show the best prospects for growth in the MENA region.

In December 2005, Plant Impact entered into a distribution agreement with Certis Europe BV, for its crop nutrient range, covering Spain and Portugal. The first sales were recorded in February 2006 and have continued to grow since then. In addition, the Group provides marketing support to Certis in the form of sharing the costs of a dedicated salesman and direct marketing costs, such as product literature, and the cost of arranging sales seminars and training for growers.

In December 2006, the Group entered into a distribution agreement with Doff Portland Limited. Sales to Doff Portland have exceeded the Directors' expectations in the first few months of the relationship. Doff Portland has the exclusive rights to distribute two of the Group's nutrient products to the home and garden market in Europe. The Group supplies Doff Portland who then re-package and sell under its own name as a growth accelerator and foliar feed, and as an own label product for Tesco called Lawn Drought Master. Whilst the main focus of the Group is sales to commercial growers of high value crops, the entry into the home and garden market is a welcome development for the Group. Relationships with companies such as Tesco enhance the Group's credibility in the agrochemicals market and represent a step forward in the Group's aim to position itself with retailers and consumers, who in turn are seeking ways of achieving greater food safety and sustainable agriculture by the introduction of acceptable, non-threatening technology.

In April 2007, the Group shipped its first container of nutrient products to the United States of America for commercial evaluation on fruit and vegetables, following receipt of an order from an independent manufacturer of fertilisers.

## **Product registration**

The Group is in the process of finalising its registration dossiers for each of the UK Pesticides Safety Directorate (“PSD”) and the USA Environment Protection Agency (“EPA”) for its BugOil® product. Following the pre-submission of the dossiers, both the PSD and EPA have asked the Group for additional data, for which further tests have been arranged. This is expected to delay completion of the registration process until later in 2008.

Evaluation trials of BugOil® with potential commercial partners continue. The Directors hope to enter into a number of licensing and/or distribution agreements for BugOil®, covering different territories and markets, before the registration process is complete. The first is a distribution agreement for the European home and garden market that forms part of the Doff Portland contract entered into in December 2006.

### **Product development**

The Group continues to obtain good results from field trials. For example, a study conducted by CABI Bioscience, a United Nations treaty organisation dedicated to research in the area of sustainable agriculture, has completed its third year of testing nutrients on cocoa in Costa Rica, and has consistently shown increased marketable yield of over 50%.

A number of potential commercial partners have entered into evaluation agreements to enable them to gain a better understanding of the benefits of using the Group’s products. These agreements include non-analysis and confidentiality arrangements covering Plant Impact’s ownership of the technology. In total over 40 field trials have been conducted around the world since 2003, the results from which have been used to assist in the development of the Group’s products as well as to provide data for potential commercial partners to use in their own marketing material. Trials that have been initiated in recent months include: nutrients on protected crops (tomatoes, melons, strawberry and pepper), nutrients on fruit crops (apples and grapes) and nutrients on field crops (potatoes and oil seed rape) in France, Spain and the UK. BugOil® trials on protected crops (tomatoes) and ornamentals (roses and chrysanthemums) are ongoing in the EU and the USA. In January 2007, the Group entered into a research agreement with Lancaster University to assist the Group in the development of Alethea®. In field trials Alethea® has already been shown to protect crops against abiotic stress, that is environmental stress such as extremes of temperature or drought. The technology behind Alethea® is incorporated in some of the Group’s existing products and is being developed to market it as an additive to

existing, mass-produced fertilizer products to reduce stress and increase yield. The agreement with Lancaster University is for a project to seek greater clarification of the mechanism of action of Alethea® by reference to the physiology and molecular biology of tomatoes, the study crop.

### **Management team appointments**

Mike Panteli was appointed Finance Director on 8 May 2007. Mike moved from Intercytex Group plc (“Intercytex”), where he served as Financial Controller. During his six years at Intercytex, he was a key member of the finance and management teams overseeing the development of Intercytex from a venture capital backed biotechnology company through to admission to trading on AIM. Prior to Intercytex, he served as Financial Director of Telescope Technologies Limited, a manufacturer of large telescopes. He replaced Gordon Harman, who indicated at the time of the admission of the Company to trading on AIM that he wished to step down from the role of part-time Finance Director by mid-2007. On behalf of the Board, I would like to thank him for his assistance in guiding the Company through its pre-IPO financing and admission. Gordon remains on the board as a non-executive director.

Since the year end, we have also made two important appointments to enhance our sales effort:

Martyn Pearce joined Plant Impact in May 2007 as International Development Director. Martyn previously worked for Kanesho Soil Treatment, where he held the position of International Product Manager. He will be responsible for developing channels to market for our ground breaking anti-stress technologies, as well as the registration of our botanical insect control product. Martyn has spent all his working life in the agrochemical industry mostly in technical management roles for Certis Europe and ISK Biosciences. He is a graduate Biologist with an M.Sc. in Bio-aeronautics.

Angel Ruiz joined Plant Impact in June 2007 as Business Development Manager. Angel previously worked for Certis Spain and is an integrated pest management (IPM) and soil fumigation specialist. During his four years at Certis, Angel helped to establish Certis as a credible IPM company and a major soil fumigation company. Angel’s responsibilities are to enhance the exposure of Plant Impact products in the European and Mediterranean regions.

## **Scientific Advisory panel**

During the year, the Group formed a small scientific advisory panel, made up of Dr David Dent and Dr Alan Jutsum. The panel held its first meeting with management and other key stakeholders in November 2006, following which the Directors refined their strategic plan for the business. The panel is expected to meet with management twice a year. David Dent is an independent consultant, having been Managing Director of CABI Bioscience. He has over 20 years experience in securing international agricultural based research and development contracts and specialises in sustainable agriculture, pest management and the development and commercialisation of bio pesticides as alternatives to chemicals. Dr Alan Jutsum is the Managing Director of CEMAS, a contract research organisation registered to carry out trials and laboratory studies suitable for submission for pesticide registration in the USA and UK. He is one of the co-authors of the expert's report that formed part of the Company's admission document.

## **International Financial Reporting Standards**

The Group intends to implement International Accounting Standards (IFRS) for all financial statements in respect of periods commencing after 1 January 2007. The interim financial statements for the six months to September 2007 and the comparatives for the period to September 2006 will therefore be prepared in accordance with IFRS. The Group is well advanced in its planning for the transition and is aware of the key impacts of the change.

## **Dividends**

As stated in the AIM Admission document, the Directors currently intend to devote the Company's cash resources to its operations and therefore do not anticipate paying dividends in the near future. They will reconsider the Company's dividend policy as and when the Company is in a position to pay dividends. The declaration and payment by the Company of any dividends will depend on the results of the Company's operations, its financial condition, cash requirements, future prospects, profits available for distribution and other factors deemed to be relevant at the time.

## **Outlook**

The Directors believe that Plant Impact will continue to make progress in the Middle East, North Africa and European markets through its established distribution channels. Sales in the USA and in the European home and garden market in the latter part of the year have opened up these markets for the Group sooner than the Directors had expected. Evaluation field trials, on both the Group's crop nutrient and botanical pesticide products, are being conducted by a number of multi-national agricultural chemicals companies in America, Japan, the Middle East and North Africa, Spain and Chile, with a view to them entering into distribution and/or licensing agreements. The Directors remain confident of the successful development and commercialisation of our products.

**Martin Robinson**  
**Chairman**

**2 July 2007**

**Consolidated profit and loss account  
for the year ended 31 March 2007**

	Note	Year ended 31 March 2007 £	<i>Restated</i> Period ended 31 March 2006 £
Turnover - continuing		<b>377,237</b>	345,811
Cost of sales		<b>(268,987)</b>	(261,517)
Gross profit		<b>108,250</b>	84,294
Distribution costs		<b>(119,433)</b>	(149,518)
Research and development costs		<b>(721,190)</b>	(148,123)
General and administrative expenses		<b>(763,606)</b>	(706,747)
Total expenses		<b>(1,604,229)</b>	(1,004,388)
Operating loss - continuing		<b>(1,495,979)</b>	(920,094)
Interest receivable		<b>70,599</b>	6,166
Interest payable and similar charges		<b>(443,857)</b>	(146,460)
		<b>(373,258)</b>	(140,294)
Loss on ordinary activities before taxation		<b>(1,869,237)</b>	(1,060,388)
Taxation on loss on ordinary activities	5	<b>98,010</b>	(4,024)
Loss on ordinary activities after taxation		<b>(1,771,227)</b>	(1,064,412)
Basic and diluted loss per share	6	<b>(0.12)</b>	(1.74)

There are no recognised gains and losses other than the loss of £1,771,227 attributable to the shareholders for the year ended 31 March 2007 (2006: loss of £1,064,412, as restated).

**Consolidated balance sheet  
as at 31 March 2007**

	Notes	2007 £	<i>Restated</i> 2006 £
<b>Fixed assets</b>			
Intangible assets		554,973	585,383
Tangible assets		6,842	3,746

		561,815	589,129
<b>Current assets</b>			
Stocks		3,030	7,831
Debtors		223,035	425,509
Short-term investments		2,775,000	-
Cash at bank and in hand		302,959	446,770
		<u>3,304,024</u>	<u>880,110</u>
<b>Creditors: amounts falling due within one year</b>		(384,460)	(670,717)
<b>Net current assets</b>		<u>2,919,564</u>	<u>209,393</u>
<b>Total assets less current liabilities</b>		3,481,379	798,522
<b>Creditors: amounts falling due after more than one year</b>		-	(979,323)
<b>Net assets / (liabilities)</b>		<u>3,481,379</u>	<u>(180,801)</u>
<b>Capital and reserves</b>			
Called up share capital	7,11	231,193	79,878
Share premium account	11	6,019,263	844,812
Other reserve	11	188,456	80,815
Merger reserve	11	182,892	182,892
Profit and loss account	11	(3,140,425)	(1,369,198)
<b>Shareholders' funds</b>	11	<u>3,481,379</u>	<u>(180,801)</u>

## Consolidated cash flow statement

for the year ended 31 March 2007

	<b>Year ended</b>	Period ended
	<b>31 March</b>	31 March
<b>Notes</b>	<b>2007</b>	2006
	£	£
<b>Net cash outflow from operating activities</b>	9 (1,032,168)	(1,173,043)
<b>Returns on investments and servicing of finance</b>		
Interest received	63,362	6,166
Interest paid	(49,778)	(40,539)
	<u>13,584</u>	<u>(34,373)</u>
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(6,881)	(2,495)
<b>Acquisitions and disposals</b>		
Net cash acquired with subsidiaries		33,961
<b>Net cash outflow before management of liquid resources</b>	<u>(1,025,465)</u>	<u>(1,175,950)</u>
<b>Management of liquid resources</b>		

Increase in short term deposits		(2,775,000)	-
Net outflow before financing		(3,800,465)	(1,175,950)
<b>Financing</b>			
Issue of ordinary share capital *	7	3,428,766	730,172
Issue of convertible loan notes 2008		100,000	870,985
Receipt of bank loan		-	15,556
Issue of loan notes		143,444	-
Repayment of bank loan		(15,556)	-
		<u>3,656,654</u>	<u>1,616,713</u>
<b>(Decrease)/increase in cash</b>	10	<u>(143,811)</u>	<u>440,763</u>
<b>Net cash inflow after financing</b>			
Net cash outflow before management of liquid resources		(1,025,465)	(1,175,950)
		<u>3,656,654</u>	<u>1,616,713</u>
Net cash inflow		2,631,189	440,763

\* net of issue costs of £586,774 of which £162,540 has been charged to the profit and loss account and included in net cash outflow after operating activities.

## 1. Basis of preparation

The announcement has been prepared under the historical cost convention and in accordance with applicable accounting standards in the United Kingdom. The principal accounting policies of the Group remained unchanged from the previous period with the exception that during the year, the Group implemented the accounting standard FRS 20 'Share-Based Payments'. This implementation resulted in a restatement of prior year balance sheets and profit and loss accounts. The impact of the new standard on prior years is a charge of £80,815 and on the current year is a charge of £107,641 with corresponding entries to equity.

The financial information contained in this announcement does not constitute statutory accounts as defined in section 240 of the Companies Act 1985. The consolidated balance sheet at 31 March 2007 and the consolidated profit and loss account, consolidated cash flow statement and associated notes for the year then

ended have been extracted from the Group's 2007 statutory financial statements upon which the auditors opinion is unqualified and does not include any statement under section 237(2) of the Companies Act 1985. Those financial statements have not been delivered to the Registrar of Companies. The figures for the period ended 31 March 2006 have been extracted from the statutory financial statements, as amended by the adoption of FRS 20, which have been filed with the Registrar of Companies.

## **2. Revenue Recognition**

Revenue is recognised to the extent that the Group obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts and VAT.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch of the goods or on proof of acceptance by the customer.

## **3. Research and development tax credit**

Credit is taken in the accounting period for research and development tax credits, which will be claimed from Her Majesty's Revenue & Customs, in respect of qualifying research and development costs. Credit is taken when there is certainty of receipt.

## **4. Share-based payments**

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. Fair value is determined using the Black Scholes pricing model. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the company (market conditions).

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

At each reporting date, the cumulative expense recognised for equity-based transactions reflects the extent to which the vesting period has expired and the number of awards that, in the Directors' opinion, will ultimately vest. The movement in cumulative expense since the previous balance sheet date is recognised in the profit and loss account, with a corresponding entry in equity.

The share-based charges are recognised within the financial statements of the subsidiary company, P.I. Bioscience Limited, with corresponding increases in equity, as the services provided by the employees and directors were in respect of this subsidiary. The Company is deemed to receive additional benefit from its investment in the subsidiary that is receiving the employees' services. On this basis, the Company has capitalised the share-based payment cost as an increase to its fixed asset investment in P.I. Bioscience Limited.

#### **5. Taxation on loss on ordinary activities**

	<b>Year ended 31 March 2007</b>	Period ended 31 March 2006
	£	£
The tax (credit) / charge is based on the loss for the period and represents:		
United Kingdom corporation tax at 30% (2006: 30%)	(98,010)	4,024

#### **Factors affecting the tax (credit) / charge for the period**

The tax assessed for the period differs from the standard rate of corporation tax in the United Kingdom of 30%. The differences are explained as follows:

	<b>Year ended 31 March 2007</b>	Restated Period ended 31 March 2006
	£	£
Loss on ordinary activities before taxation	(1,869,237)	(1,060,388)
Loss on ordinary activities before taxation multiplied by standard rate of corporation tax in the United Kingdom of 30% (2006: 30%)	(560,771)	(318,116)
Effect of:		
Expenses not deductible for tax purposes	180,516	55,720
Differences between capital allowances for the period and depreciation	1,125	777
Other timing differences	64,391	7,853
Unrelieved tax losses	323,862	257,790
Adjustments to charge in respect of prior periods	(4,024)	-
R&D tax credit	(103,109)	-
<b>Total current tax</b>	<b>(98,010)</b>	<b>4,024</b>

Unrelieved tax losses of £2,401,032 (2006: £1,321,492) remain available to offset against future taxable trading profits. There is a potential deferred tax asset of £720,310 (2006: £396,448) which has not been recognised in the financial statements in respect of these trade losses carried forward.

shares in issue during the year based on the following information:

		<b>Year ended 31 March 2007</b>	Restated Period ended 31 March 2006
		£	£
Loss attributable to the shareholders	£	(1,771,227)	(1,064,418)
Basic weighted average number of shares	No	14,869,506	612,820
Loss per ordinary share	£	(0.12)	(1.74)

The exercise of share options would have the effect of reducing the loss per ordinary share and is not therefore dilutive under the terms of FRS 22.

## 7. Share capital

<b>Authorised</b>	<b>31 March 2007</b>		<b>31 March 2006</b>	
	Number	£	Number	£
Ordinary shares of 1p each	50,000,000	500,000	10,000,000	100,000
<b>Allotted, called up and fully paid</b>	<b>31 March 2007</b>		<b>31 March 2006</b>	
	Number	£	Number	£
Ordinary shares of 1p each	23,119,323	231,193	798,775	79,878

On 28 September 2006, each existing and unissued ordinary share of 10p each in the capital of the Company was sub-divided into 10 ordinary shares of 1p each subject to the rights set out in the new articles of association. The authorised share capital of the Company was increased from £100,000 to £500,000 by the creation of 40,000,000 new ordinary shares.

On 16 October 2006, the Company was admitted to AIM which resulted in the issue of 10,139,475 new ordinary shares. A further 4,334,204 ordinary shares were issued on conversion of Convertible Loan Notes 2008 and a further 657,894 ordinary shares were issued on capitalization of the RisingStars Growth Fund loan of £250,000. Total gross proceeds from flotation and loan conversion of £5,750,000 were received and the associated issue costs allocated to Share Premium Account amounted to £424,234.

The gross proceeds of £5,750,000 comprise of flotation funding of £3,853,000 (total cost of £586,774) giving net receipts from flotation of £3,266,226, together with conversion of the secured convertible loan notes 2008 of £1,500,000, conversion of the RisingStars and Lancashire County Developments fund loans of £147,000 and capitalisation of the RisingStars Growth Fund loan of £250,000.

## 8. Share options

The Company has a share option scheme for all employees of the Group. Options are exercisable at a price equal to the average quoted market price of the Company's

shares on the date of grant. The vesting period is two years. If the options remain unexercised after a period of ten years from the date of grant the options expire. Options are forfeited if the employee leaves the Group before the options vest.

Details of the share options outstanding during the year are as follows.

	<b>31 March 2007</b>		<b>31 March 2006</b>	
	Number of share options	Weighted average exercise price £	Number of share options *	Weighted average exercise price £
Outstanding at the beginning of the period	1,055,330	0.25	-	-
Granted during the period	<u>1,881,546</u>	0.38	<u>1,055,330</u>	0.25
Outstanding at the end of the period	<u>2,936,876</u>	0.34	<u>1,055,330</u>	0.25

\* Prior to admission to AIM each existing issued and unissued ordinary share of 10p each in the capital of the Company was sub-divided into 10 ordinary shares of 1p each.

The options outstanding at 31 March 2007 had a weighted average exercise price of 34p, and a weighted average remaining contractual life of 2.0 years. During the period to 31 March 2006, options were granted on 10 November 2005, the aggregate of the estimated fair values of the options granted on that date is £166,124. During the period to 31 March 2007, options were granted on 16 October 2006, the aggregate of the estimated fair values of the options granted on those dates is £253,632.

The inputs into the Black Scholes option pricing model are as follows:

	<b>31 March 2007</b>	<b>31 March 2006</b>
Weighted average share price	£0.38	£0.30
Weighted average exercise price	£0.34	£0.25
Expected volatility	50%	50%
Expected life	2.0 years	2.4 years
Risk-free rate	4.57	4.35
Expected dividends	-	-

Given the lack of share price trading history for Plant Impact plc the expected

volatility has been estimated by reference to historic volatility of a sample of comparative companies. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The group recognised total expenses in the period of £107,641 (2006: £80,815). The expense for 2006 has been treated as a prior year adjustment.

#### 9. Reconciliation of operating loss to net cash outflow

	Year ended 31 March 2007 £	Period ended 31 March 2006 £
Operating loss	(1,495,979)	(920,094)
Depreciation	3,785	3,058
Amortisation of goodwill	30,410	22,807
Amortisation of patents	-	15,523
Share-based compensation	107,641	80,815
Deferred finance costs on convertible loan notes 2008	30,155	-
Release of grant income	-	(3,273)
Decrease / (increase) in stock	4,801	(2,831)
Decrease / (increase) in debtors	307,720	(263,477)
Decrease in creditors	(20,701)	(105,571)
<b>Net cash outflow from operating activities</b>	<b>(1,032,168)</b>	<b>(1,173,043)</b>

#### 10. Summary of movement in net funds / (debt)

	At 1 April 2006 £	Cash flow £	Other non- cash movements £	At 31 March 2007 £
Cash at bank and in hand	446,770	(143,811)	-	302,959
Short-term investments	-	2,775,000	-	2,775,000
Bank loans	(15,556)	15,556	-	-
Convertible loan notes 2008	(979,323)	(100,000)	1,079,323	-
Loan notes	-	(143,444)	143,444	-
Other loans	(250,000)	-	250,000	-
	<b>(798,109)</b>	<b>2,403,301</b>	<b>1,472,767</b>	<b>3,077,959</b>

#### 11. Reconciliation of shareholders' funds and movement on reserves

	Called up	Share	Other	Merger	Profit and	Total
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At 1 April 2006 – as previously stated	79,878	844,812	-	182,892	(1,288,383)	(180,801)
Prior year adjustment – FRS20	-	-	80,815	-	(80,815)	-
At 1 April 2006 – as restated	79,878	844,812	80,815	182,892	(1,369,198)	(180,801)
Loss for the period	-	-	-	-	(1,771,227)	(1,771,227)
Share-based compensation	-	-	107,641	-	-	107,641
Issue of ordinary shares *	151,315	5,174,451	-	-	-	5,325,766
<b>At 31 March 2007</b>	<b>231,193</b>	<b>6,019,263</b>	<b>188,456</b>	<b>182,892</b>	<b>(3,140,425)</b>	<b>3,481,379</b>

\*net of issue costs of £424,234.

### **Other Reserves**

Other reserves comprise the fair value provision for the costs of options granted.

**- Ends -**