



**Press Release**

**26 November 2007**

**Plant Impact plc**

(“Plant Impact” or “the Group”)

**Interim Results for the six months ended 30 September 2007**

Plant Impact plc (AIM:PIM), a global developer of technologies that improve crop productivity by combating the negative effects of environmental stress, announces its interim results for the six months ended 30 September 2007.

**Highlights**

- Turnover £128,578 (2006: £186,075) 2006, affected by a strategic move to larger product distribution partners
- Operating loss £892,135 (2006: £447,809), reflecting an increase in R&D and recruitment of key finance and sales staff
- Stronger cash position at 30 September 2007 £2.4 million compared with £0.2 million at 30 September 2006
- Significant landmarks achieved for BugOil technology in European patent process; global field trial and product registration
- Successful field trials of nutrient products on wide range of crops
- Collaboration with Lancaster University yielding positive results and subject of a grant application to further accelerate research
- Strengthening of senior management team to support future growth:
  - Mike Panteli, Finance Director
  - Martyn Pearce, International Business Director
  - Angel Ruiz, Business Development Manager

Martin Robinson, Chairman of Plant Impact plc, commented:

“We have achieved many important product development, regulatory, IP protection and corporate milestones over the last six months. Whilst these initiatives have required significant up-front financial commitment, which is reflected in today’s headline numbers,

they do represent a strategic investment in Plant Impact's fundamental long term growth drivers. Impressive trial results and strong underlying customer demand across our portfolio of plant stress control technologies also leaves us confident about our future prospects."

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## **Chairman's Statement**

I am very pleased to present Plant Impact's results for the six months ended 30 September 2007. The Group has made steady progress over the period. It is just over a year since the Group's flotation on AIM. During the six months under review, the Group has expanded its sales team, invested further in the registration of BugOil, the Group's pesticide product, carried out further trials to demonstrate the efficacy of the products and continued the negotiation of distribution and licensing deals around the world for BugOil and the anti-stress products.

## **Financial Review**

Turnover for the period was £128,578, compared with £186,075 for the six months ended 30 September 2006. The comparative fall in turnover is due to the Group focusing on larger distributors, with increased geographical penetration, and increasing its activity on licensing strategy and partnering. Although sales at half year are lower than the comparative period the Directors believe that the move to larger distributors and focusing on licensing will be beneficial to the Group in the longer term. The operating loss was £892,135, compared with £447,809 for the six months ended 30 September 2006, the increase reflecting the expansion of technology and product development (£266,376) and additional expenditure on people and the costs associated with being a quoted company. Interest and research and development tax credit receivable reduced the loss for the period attributable to equity shareholders to £814,922, compared with £825,435 for the six months ended 30 September 2006. Cash balances at 30 September 2007 amounted to £2.4 million, compared with £0.2 million at 30 September 2006.

## **Product development**

The Company has a series of field trial programmes to test products that are aimed at combating abiotic (environmental) stress within target crops in order to increase marketable yield, shelf life and crop health. These programmes are generating, and are expected to continue to do so, data that proves the efficacy of Plant Impact technologies and products. During 2007, field trials have delivered positive results which have enabled Plant Impact to access markets, for its products, with an estimated market size of upwards of US\$500 million per annum.

Geographically these field trials are world-wide. Europe (Spain, France, UK,), United States of America, South America (Costa Rica, Chile, Ecuador), Africa (Kenya, Tanzania), Middle East and North Africa (Jordan, Saudi Arabia, Morocco, Syria).

During the last six months field trial results for tomato, lettuce and table grapes demonstrate the efficacy of Plant Impact technologies.

### **Tomato**

The trial, conducted in Spain (Almeria) using a combination of Plant Impact's CaT and PiNT technologies, demonstrated an increase in marketable tomato yield of between 36% and 48% as well as a reduction in the incidence of blossom end rot from 30% to 8%, when compared to the standard grower practice. Other beneficial trial observations were increased fruit homogeneity and increased fruit setting.

This trial suggests that the use of Plant Impact technologies on fresh tomato crops could result in increases in profitability for the grower of between US\$1,500 and US\$2,000 per hectare. The global fresh tomato market for Plant Impact's CaT and PiNT technologies has an estimated market size of US\$120 million and is expected to grow, due to the increasing demand for fresh tomatoes and the more unpredictable climatic conditions being experienced in the areas where they are grown.

Tomatoes are believed to represent one of the most important horticultural crops in terms of world production and trade. The EU is the biggest single producer of fresh tomatoes, followed by the USA, then Turkey. Within the EU, Italy is the biggest producer by far, followed by Spain, Greece, Portugal and France. Between them Italy and Spain grow almost 9.5 million tonnes of tomatoes a year.

Tomato blossom end rot is a physiological disorder that is caused by a lack of calcium in the fruit. Unlike traditional products, Plant Impact's CaT technology overcomes the problem efficiently and specifically, reducing the amount of agricultural inputs applied to the plants, significantly improving marketable yield to the grower and providing consumers with better quality tomatoes.

### **Lettuce**

In another field trial, carried out by Certis Europe BV ("Certis") in Spain, the use of Plant Impact's CaT and PiNT technologies was demonstrated to significantly improve the marketable yield, shelf life and speed to maturity of lettuce. The trial also demonstrated a reduction in the incidence of tip burn.

After 8 to 9 weeks of storage under ambient conditions the percentage of lettuce hearts in 'good', saleable condition (without browning of leaves and rotting) increased from between

40% to 80% in the treated Group compared with between 0% to 40% in the control Group. This trial design included storage in extreme conditions and indicates an important value for retailers that sell pre-packed salads, where two days' extra storage makes a significant impact on profitability by reducing spoilage. Additional shelf life potentially opens global markets to growers. Supermarkets are currently suffering spoilage rates of between 20% and 30% on salads.

Other findings of the trial showed that following lettuce seedling transplantation, plant growth had increased from between 6% and 11% compared to the control Group, and yields on harvesting of the crop after transplantation increased by between 5% and 10% compared to the control Group. This indicates earlier maturity of the crop through better growth, allowing the grower to cut earlier or harvest a heavier crop. In addition, lettuce tip burn, a calcium deficiency disorder, was reduced from 15% in the control Group to 10% in those plants treated with Plant Impact's products. This indicates that calcium uptake by the plant was more effective, leading to improved quality and a reduction in waste.

Tip burn is caused by environmental factors, such as high temperatures and low relative humidity, and agricultural factors such as salinity, calcium-poor soils and water stress. Leaves with tip burn have an unpleasant appearance and the edge of the damaged leaf is weaker and subject to rotting.

The global lettuce market for Plant Impact's CaT and PiNT technologies has an estimated market size of US\$120 million per annum, which is expected to grow due to the increasing demand for fresher and better-quality lettuce. In the last 10 years, per capita consumption of lettuce has grown by 17%.

### **Table Grape**

Five trials have been conducted in Spain (3), in Jordan and in Morocco, on table grapes, using the Company's PiNT, CaT and Speedo technologies. Grapes grown in those and other viticultural regions typically face plant stresses such as drought, high temperatures, poor soil conditions and calcium deficiency – all of which contribute to sub-optimal yield.

The trial groups, treated with the Plant Impact technologies, showed a range of improvements compared with their respective controls:

- marketable yield up by 10–15%;
- shelf life increased by 8%;

- colour improved by 7%; based on measurement of CIRG (colour index for red grapes) which is a standard statistical calculation.
- sugar content increased by 20%.

As a result of treatment with Plant Impact's solutions the growers' revenues increased by 20–25% and the time-to-harvest was reduced by 10–12 days. In addition, the grapes became less susceptible to heat and drought stress and the vines showed an overall improvement in health, both with regards to colour (of leaf and stem) and strength (thickness of stem).

The global table grape market for Plant Impact's PiNT, CaT and Speedo technologies has an estimated market size of US\$230 million per annum.

### **Other Crops**

Other trials have shown improvements in marketable yield in squash (62.5% improvement), cucumber (50% improvement), olives (10% improvement) and pears (15% improvement). The third year of trials on cocoa has confirmed earlier years' results, showing a 69% increase in marketable yield and demonstrating control of pests by increasing the number of healthy pods by 30%. Trials have also shown improved fruit homogeneity in grapes and tomatoes, increased fruit setting in cucumber, grape, olive and pear together with improved vegetative growth.

All of these results are used by the Group to support the existing distribution channels and in the Group's negotiations with potential commercial partners to demonstrate the added value of the various products.

### **Commercial development**

All of Plant Impact's sales continue to be generated from the Group's range of nutrient products.

In April 2007, the Group shipped its first container of nutrient products into the United States of America for use on salad and high value crops, following receipt of an order from an independent distributor of speciality chemicals. During the period, Plant Impact also received its first order from South America.

## **BugOil – pest control technology**

The Group has made significant progress with regard to product registration, patent and field trial results.

### **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 BugOil, its first pesticide product. Following the pre-submission of the dossiers, both the PSD and EPA have asked the Group for additional data, the compilation of which is nearly complete. The Directors expect to file the final dossier by mid-2008, which would mean that on completion of the registration process first sales can commence in the key US and EU markets.

### **Patent**

In September 2007, the European Patent Office granted the patent application covering BugOil. This is the first step in patent granting throughout Europe for BugOil and it implies that the patent will be granted. This is an extension of the UK patent for BugOil, which was granted in December 2005. Patent applications for BugOil have been filed in the USA.

### **Field Trials**

Evaluation trials of BugOil with potential commercial partners continue. Initial results from these trials indicate that BugOil showed excellent pest control levels equal to or slightly above the market standard with at the same time good crop safety results. These trials in 2007 were on ornamentals and vegetables in the USA, Europe and Africa.

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.

### **Collaboration with Lancaster University**

In January 2007, the Group entered into a research agreement with Lancaster University to seek greater clarification of the mechanism of action of a product known as Alethea by reference to the physiology and molecular biology of tomatoes, the study crop. Since then, the Group has made an application to PERA for funding for its Nematicide and Alethea technologies and has rented office and laboratory space at the University.

### **Management team appointments**

Mike Panteli was appointed Finance Director on 8 May 2007. Mike moved from Intercytex Group plc, 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 its admission to trading on AIM. Prior to Intercytex, he served as Financial Director of Telescope Technologies Limited, a manufacturer of large telescopes.

We have also made two important appointments to enhance our sales effort: Martyn Pearce joined Plant Impact in May 2007 as International Business 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.

### **International Financial Reporting Standards**

These interim condensed consolidated financial statements are for the six months ended 30 September 2007. They have been prepared in accordance with IAS 34 "Interim Financial Reporting" and the requirements of IFRS 1 "First-time Adoption of International Financial Reporting Standards" relevant to interim reports, because they are part of the period covered by the Group's first IFRS financial statements for the year ended 31 March 2008. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 March 2007.

### **Dividends**

The Directors currently intend to devote the Group'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 Group'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 are pleased with the progress made in recent months. The Group is attracting the attention of many key players in the agrochemical industry, many of whom have entered into evaluation agreements as a prelude to an agreement for the commercialisation of the Group's products. The fact that many of these companies have approached Plant Impact in the first instance suggests that the Group's products are gaining wide recognition. This has been achieved by the superb efforts of what is still a very small, but dedicated, management team, who have developed and are promoting a range of compounds that the Directors believe have the potential to be world beating products.

The next six months are potentially the most exciting in the Group's history, as a number of potential partners work towards formalising distribution and/or licensing agreements with the Group.

**Martin Robinson**  
**Chairman**

**26 November 2007**

**Plant Impact plc**  
**Condensed consolidated interim income statement**  
For the six months ended 30 September 2007

	Note	Unaudited Six months to 30 September 2007 £	Unaudited Six months to 30 September 2006 £	Unaudited Year to 31 March 2007 £
<b>Revenue</b>		<b>128,578</b>	186,075	377,237
Cost of sales		<b>(86,748)</b>	(125,232)	(268,987)
<b>Gross profit</b>		<b>41,830</b>	60,843	108,250
Distribution costs		<b>(119,244)</b>	(75,075)	(119,433)
Research and development costs		<b>(447,120)</b>	(180,744)	(690,780)
General and administrative expenses		<b>(367,601)</b>	(252,833)	(763,606)
Total expenses		<b>(933,965)</b>	(508,652)	(1,573,819)
<b>Operating loss</b>		<b>(892,135)</b>	(447,809)	(1,465,569)
Finance revenue		<b>71,357</b>	3,616	70,599
Finance cost		-	(381,242)	(426,975)
		<b>71,357</b>	(377,626)	(356,376)
<b>Loss before tax</b>		<b>(820,778)</b>	(825,435)	(1,821,945)
Income tax expense		<b>5,856</b>	-	98,010
<b>Loss for the period attributable to equity shareholders</b>		<b>(814,922)</b>	(825,435)	(1,723,935)
<b>Loss per share attributable to equity shareholders</b>				
Basic and diluted	4	<b>(0.04)</b>	(0.10)	(0.12)

All results are from continuing activities.

**Plant Impact plc**  
**Condensed consolidated interim balance sheet**  
At 30 September 2007

	Unaudited At 30 September 2007 £	Unaudited At 30 September 2006 £	Unaudited At 31 March 2007 £
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	20,069	2,937	6,842
Goodwill	585,383	585,383	585,383
	<b>605,452</b>	<b>588,320</b>	<b>592,225</b>
<b>Current assets</b>			
Inventories	3,030	5,663	3,030
Trade and other receivables	80,286	396,291	223,035
Cash and cash equivalents	2,363,275	162,871	3,077,959
	<b>2,446,591</b>	<b>564,825</b>	<b>3,304,024</b>
<b>Total assets</b>	<b>3,052,043</b>	<b>1,153,145</b>	<b>3,896,249</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Long-term borrowings	-	(1,478,790)	-
	-	(1,478,790)	-
<b>Current liabilities</b>			
Trade and other payables	(317,750)	(668,496)	(409,303)
	<b>(317,750)</b>	<b>(668,496)</b>	<b>(409,303)</b>
<b>Total liabilities</b>	<b>(317,750)</b>	<b>(2,147,286)</b>	<b>(409,303)</b>
<b>Net assets / (liabilities)</b>	<b>2,734,293</b>	<b>(994,141)</b>	<b>3,486,946</b>
<b>EQUITY</b>			
<i>Equity attributable to equity holders of the parent</i>			
Share capital	231,193	79,878	231,193
Share premium	6,019,263	844,812	6,019,263
Other reserve	250,725	134,635	188,456
Merger reserve	182,892	182,892	182,892
Retained loss	(3,949,780)	(2,236,358)	(3,134,858)
<b>Total Equity</b>	<b>2,734,293</b>	<b>(994,141)</b>	<b>3,486,946</b>

**Plant Impact plc**  
**Condensed consolidated interim statement of changes in equity**  
For the six months ended 30 September 2007

	Share capital	Share premium account	Other reserve	Merger reserve	Retained losses	Total equity
	£	£	£	£	£	£
<b>At 1 April 2006</b>	79,878	844,812	80,815	182,892	(1,410,923)	(222,526)
Loss for the period	-	-	-	-	(771,615)	(771,615)
Total recognised income and expense for the period	79,878	844,812	80,815	182,892	(2,182,538)	(994,141)
Share-based compensation	-	-	53,820	-	(53,820)	-
<b>At 30 September 2006</b>	79,878	844,812	134,635	182,892	(2,236,358)	(994,141)
Loss for the period	-	-	-	-	(844,679)	(844,679)
Total recognised income and expense for the period	79,878	844,812	134,635	182,892	(3,081,037)	(1,838,820)
Issue of shares	151,315	5,174,451	-	-	-	5,325,766
Share-based compensation	-	-	53,821	-	(53,821)	-
<b>At 31 March 2007</b>	231,193	6,019,263	188,456	182,892	(3,134,858)	3,486,946
Loss for the period	-	-	-	-	(752,653)	(752,653)
Total recognised income and expense for the period	231,193	6,019,263	188,456	182,892	(3,887,511)	2,734,293
Share-based compensation	-	-	62,269	-	(62,269)	-
<b>At 30 September 2007</b>	<b>231,193</b>	<b>6,019,263</b>	<b>250,725</b>	<b>182,892</b>	<b>(3,949,780)</b>	<b>2,734,293</b>

**Other reserve**

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

**Merger reserve**

The merger reserve arose on the acquisition of PI Bioscience Limited which was accounted for under UK GAAP. This business combination took place prior to 1 April 2006, the Group's date of transition to IFRS and as such the Group has elected not to apply IFRS 3 "Business Combinations".

**Plant Impact plc**  
**Condensed consolidated interim cash flow statement**  
For the six months ended 30 September 2007

	Unaudited Six months to 30 September 2007 £	Unaudited Six months to 30 September 2006 £	Audited Year to 31 March 2007 £
<b>Cash flows from operating activities</b>			
Loss before tax	(820,778)	(825,435)	(1,821,945)
Adjusted for:			
Depreciation	2,819	2,418	3,785
Share-based compensation	62,269	53,820	107,641
Deferred finance costs on convertible loan notes 2008	-	-	30,155
Finance revenue	(71,357)	(3,616)	(70,599)
Finance income	-	381,242	426,975
Operating profit before working capital changes	<b>(827,047)</b>	<b>(391,571)</b>	<b>(1,323,988)</b>
Decrease in trade and other receivables	44,739	29,218	307,720
Decrease in inventories	-	2,168	4,801
(Decrease) / increase in trade payables	<b>(91,553)</b>	<b>(27,064)</b>	<b>(20,701)</b>
Cash generated from operations	<b>(46,814)</b>	4,322	291,820
Interest paid	-	(221,439)	(49,778)
Research & Development tax credit received	<b>103,867</b>	-	-
Net cash from operating activities	<b>(769,994)</b>	<b>(608,688)</b>	<b>(1,081,946)</b>
<b>Cash flows from investing activities</b>			
Purchase of plant and equipment	<b>(16,047)</b>	(1,609)	(6,881)
Interest received	<b>71,357</b>	3,616	63,362
Net cash generated from investing activities	<b>55,310</b>	2,007	56,481
<b>Cash flows from financing activities</b>			
Proceeds from issue of share capital (net of expenses)	6	-	3,428,766
Proceeds from issue of convertible loan notes	-	336,671	100,000
Proceeds from issue of loan notes	-	-	143,444
Repayment of loans	-	(13,889)	(15,556)
Net cash generated from financing activities	-	322,782	3,656,654
Net (decrease) / increase in cash and cash equivalents	<b>(714,684)</b>	<b>(283,899)</b>	<b>2,631,189</b>
Cash and cash equivalents at the beginning of the period	<b>3,077,959</b>	446,770	446,770
Cash and cash equivalents at the end of the period	<b>2,363,275</b>	<b>162,871</b>	<b>3,077,959</b>

## **Notes to the condensed interim statements**

### **1. Nature of operations and general information**

Plant Impact plc and subsidiaries' ('the Group') principal activities include the research, development, manufacturing and sale of crop nutrients and crop pest control products and technologies.

Plant Impact plc is the Group's ultimate parent company. It is incorporated and domiciled in Great Britain. The address of Plant Impact plc's registered office, which is also its principal place of business, is 2 Lockside Office Park, Lockside Road, Riversway, Preston, PR2 2YS, United Kingdom. Plant Impact plc's shares are listed on the Alternative Investment Market (AIM) and the PLUS Market.

Plant Impact plc's consolidated interim financial statements are presented in Pounds Sterling (£), which is also the functional currency of the parent company.

These consolidated condensed interim financial statements have been approved for issue by the Board of Directors on 23 November 2007.

The financial information set out in this interim report does not constitute statutory accounts as defined in Section 240 of the Companies Act 1985. The Group's statutory financial statements for the year ended 31 March 2006, prepared under UK GAAP, have been filed with the Registrar of Companies. The auditor's report on those financial statements was unqualified and did not contain any statement under Section 237(2) of the Companies Act 1985.

### **2. Basis of preparation**

These interim condensed consolidated financial statements are for the six months ended 30 September 2007. They have been prepared in accordance with IAS 34 "Interim Financial Reporting" and the requirements of IFRS 1 "First-time Adoption of International Financial Reporting Standards" relevant to interim reports, because they are part of the period covered by the Group's first IFRS financial statements for the year ended 31 March 2008. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 March 2007.

These financial statements have been prepared under the historical cost convention.

These condensed consolidated interim financial statements (the interim financial statements) have been prepared in accordance with the accounting policies set out below which are based on the recognition and measurement principles of IFRS in issue as adopted by the European Union (EU) and are effective at 31 March 2007 or are expected to be adopted and effective at 31 March 2008, our first annual reporting date at which we are required to use IFRS accounting standards adopted by the EU.

Plant Impact plc's consolidated financial statements were prepared in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) until 31 March 2007. The date of transition to IFRS was 1 April 2006. The unaudited comparative figures in respect of 2006 have been restated to reflect changes in accounting policies as a result of adoption of IFRS. The disclosures required by IFRS 1 concerning the transition from UK GAAP to IFRS are given in the reconciliation schedules, presented and explained in note 7.

The accounting policies have been applied consistently throughout the Group for the purposes of preparation of these condensed consolidated interim financial statements.

### **3. Summary of significant accounting policies**

The accounting policies adopted in the preparation of the Group's IFRS statements are set out below:

The preparation of financial statements require management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from the estimates. The key estimates and assumptions by management are set out below:

- a. Impairment of Goodwill – Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.
- b. Assumptions on the expected life of share options, volatility of shares, risk free yield to maturity and expected dividend yield on shares used in the IFRS fair value of share options.
- c. Expected useful life of non-current assets.
- d. Management have revised the expenditure relating to admission and placing on AIM and, where appropriate, made judgements as to how much of the expenditure related to the placing of existing shares, and should therefore be charged to the Consolidated Income Statement, and how much related to the placing of new shares, and should therefore be charged against share premium.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

#### **Basis of consolidation**

The consolidated annual financial statements comprise the financial statements of Plant Impact plc and its subsidiaries as at 31 March each year. Subsidiaries are entities over which the Group has the power to control the financial and operating policies so as to obtain benefits from its activities. The Group obtains and exercises control through voting rights.

The financial statements of subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies. Unrealised gains on transactions between the Group and its subsidiaries are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Acquisitions of subsidiaries are dealt with by the purchase method. The purchase method involves the recognition at fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition, the assets and liabilities of the subsidiary are included in the consolidated balance sheet at their fair values, which are also used as the bases for subsequent

measurement in accordance with the Group accounting policies. Goodwill is stated after separating out identifiable intangible assets. Goodwill represents the excess of acquisition cost over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary at the date of acquisition.

The Group has elected not to apply IFRS 3 Business Combinations retrospectively to business combinations prior to 1 April 2006.

Accordingly, the classification of the combinations (acquisition and merger) remain unchanged from that used under UK GAAP. Assets and liabilities are recognised at date of transition if they would be recognised under IFRS, and are measured using their UK GAAP carrying amount immediately post-acquisition as deemed cost under IFRS, unless IFRS requires fair value measurement.

### **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;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

### **Interest**

Interest is recognised using the effective interest method which calculates the amortised cost of a financial asset and allocates the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

### **Goodwill**

Goodwill representing the excess of the cost of acquisition over the fair value of the Group's share of the identifiable assets acquired, is capitalised and reviewed annually for impairment. Goodwill is carried at cost less accumulated impairment losses. Negative goodwill is recognised immediately after acquisition in the income statement.

### **Research and development expenditure**

Research expenditure is charged to the income statement in the period in which it is incurred. Development expenditure is capitalised when the criteria for recognition as an asset are met – when it is probable that the project will be a success, considering its commercial and technological feasibility, and costs can be measured reliably. Regulatory and other uncertainties generally mean that such criteria are not met; in particular, the Group will not recognise the research and development costs attributable to a product development programme prior to grant of a marketing licence for the product.

### **Property, plant and equipment**

Property, plant and equipment are stated at cost, net of depreciation and provision for impairment. Depreciation is provided on all property, plant and equipment at rates calculated

to write off the cost of each asset, less its estimated residual value, on a straight line basis over its expected useful life, as follows:

Laboratory equipment	33.3% per annum
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The assets' residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

### **Impairment of assets**

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating units fair value less costs to sell and its value-in-use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value-in-use, the estimated future cash flows are discounted to their 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. Impairment losses on continuing operations are recognised in the income statement in those categories consistent with the function of the impaired asset.

### **Cash and cash equivalents**

Cash and cash equivalents in the balance sheet comprise cash at banks and in hand and short term deposits with an original maturity of three months or less.

For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above.

### **Foreign currencies**

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Non-monetary items that are measured at historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Any exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were initially recorded are recognised in the profit or loss in the period in which they arise. Exchange differences on non-monetary items are recognised in the statement of changes in equity to the extent that they relate to a gain or loss on that non-monetary item taken to the statement of recognised income and expenses, otherwise such gains and losses are recognised in the income statement.

### **Taxation**

Credit is taken in the accounting period for research and development tax credits, which will be claimed from Her Majesty's Revenue & Customs (HMRC), in respect of qualifying research and development costs incurred in the same accounting period. The resultant amount is measured at the amount expected to be recovered from HMRC.

UK corporation tax is provided on taxable profits or losses at amounts expected to be paid, or recovered, applying the tax rates and laws that have been enacted, or substantively enacted, by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit or loss. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Their carrying amount is reviewed at each balance sheet date on the same basis. Deferred tax is measured on an undiscounted basis, and at the tax rates that are expected to apply in the period in which the asset or liability is settled. It is recognised in the income statement except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

### **Financial Assets**

All financial assets are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets other than those categorised as at fair value through profit or loss are recognised at fair value plus transaction costs. Financial assets categorised as at fair value through profit or loss are recognised initially at fair value with transaction costs expensed through the income statement.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Trade receivables and other debtors are classified as loans and receivables. Loans and receivables are measured subsequent to initial recognition at amortised cost using the effective interest method, less provision for impairment. Any change in their value through impairment or reversal of impairment is recognised in the income statement.

Provision against trade receivables is made when there is objective evidence that the Group will not be able to collect all amounts due to it in accordance with the original terms of those receivables. The amount of the write-down is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows.

A financial asset is derecognised only where the contractual rights to the cash flows from the asset expire or the financial asset is transferred and that transfer qualifies for derecognition. A financial asset is transferred if the contractual rights to receive the cash flows of the asset have been transferred or the Group retains the contractual rights to receive the cash flows of the asset but assumes a contractual obligation to pay the cash flows to one or more recipients. A financial asset that is transferred qualifies for derecognition if the Group transfers substantially all the risks and rewards of ownership of the asset, or if the Group neither retains nor transfers substantially all the risks and rewards of ownership but does transfer control of that asset.

### **Financial liabilities**

Financial liabilities are obligations to pay cash or other financial assets and are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial liabilities categorised as at fair value through profit or loss are recorded initially at fair value, all transaction costs are recognised immediately in the income statement. All other financial liabilities are recorded initially at fair value, net of direct issue costs.

Financial liabilities categorised as at fair value through profit or loss are remeasured at each reporting date at fair value, with changes in fair value being recognised in the income statement. All other financial liabilities are recorded at amortised cost using the effective interest method, with interest-related charges recognised as an expense in finance cost in the income statement. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are charged to the income statement on an accruals basis using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

A financial liability is derecognised only when the obligation is extinguished, that is, when the obligation is discharged, cancelled or expires.

## **Financial instruments**

### *Classification as equity or financial liability*

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

A financial liability exists where there is a contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities under potentially unfavourable conditions. In addition contracts which result in the entity delivering a variable number of its own equity instruments are financial liabilities. Shares containing such obligations are classified as financial liabilities.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Dividends and distributions relating to equity instruments are debited direct to equity.

### *Compound instruments*

Compound instruments comprise both a liability and an equity component. The elements of a compound instrument are classified in accordance with their contractual provisions. At the date of issue, the liability component is recorded at fair value and thereafter the liability component is accounted for as a financial liability in accordance with the accounting policy set out above.

The residual is the equity component, which is accounted for as an equity instrument.

The Group has deemed that the best evidence of the fair value of a financial instrument at initial recognition is the transaction price (i.e. the fair value of the consideration given or received) unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets. This may result in no gain or loss being recognised on the initial recognition of a financial asset or financial liability. In such a case a gain or loss shall be recognised after initial recognition only to the extent that it arises from a change in a factor (including time) that market participants would consider in setting a price.

## **Inventories**

Inventories are stated at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Costs include all purchased costs incurred in bringing each product to its present locations and condition on a first-in, first-out (FIFO) basis.

## **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.

### **Leased assets**

In accordance with IAS 17, the economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards related to the ownership of the leased asset. The related asset is recognised at the time of inception of the lease at the fair value of the leased asset or, if lower, the present value of the minimum lease payments plus incidental payments, if any, to be borne by the lessee. A corresponding amount is recognised as a finance leasing liability. Leases of land and buildings are split into land and buildings elements according to the relative fair values of the leasehold interests at the date of entering into the lease agreement.

The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the income statement over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the income statement on a straight line basis over the lease term. Lease incentives are spread over the term of the lease.

### **Equity**

Equity comprises the following:

- "Share capital" represents the nominal value of equity shares.
- "Share premium" represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.
- "Other reserve" represents equity-settled share-based employee remuneration until such share options are exercised.
- "Merger reserve" arose on the merger of Bio Futures PI Limited under previous GAAP.

## **4. Loss per share**

The calculations of loss per ordinary share are based on the following losses and weighted average number of shares in issue during the period:

	Unaudited	Unaudited	Unaudited
	<b>Six months to 30 September 2007</b>	Six months to 30 September 2006	Year to 31 March 2007
Loss for the period £	(814,922)	(825,435)	(1,723,935)
Weighted average number of ordinary shares	<b>23,119,323</b>	7,987,750	14,869,506
Loss per share	<b>(0.04)</b>	(0.10)	(0.12)

The exercise of outstanding share options in the periods would have the effect of reducing the loss per ordinary share, and are not therefore dilutive under the terms of IAS 33.

## 5. Segmental information

Turnover to date represents the Plant Impact crop nutrient products. This is the only primary reporting segment and as such no segmental information is provided.

## 6. Share issues

Shares issued and authorised may be summarised as follows:

### Six months to 30 September 2007

	Authorised		Allotted, called up and fully paid	
	Number	£	Number	£
At 1 April 2007 and at 30 September 2007	<b>50,000,000</b>	<b>500,000</b>	<b>23,119,323</b>	<b>231,193</b>

### Six months to 30 September 2006

	Authorised		Allotted, called up and fully paid	
	Number	£	Number	£
At 1 April 2006	1,000,000	100,000	798,775	79,878
Subdivision of shares	9,000,000	-	7,188,975	-
Increase in authorised shares	40,000,000	400,000	-	-
At 30 September 2006	<b>50,000,000</b>	<b>500,000</b>	<b>7,987,750</b>	<b>79,878</b>

### Year to 31 March 2007

	Authorised		Allotted, called up and fully paid	
	Number	£	Number	£
At 1 April 2006	1,000,000	100,000	798,775	79,878
Subdivision of shares	9,000,000	-	7,188,975	-
Increase in authorised shares	40,000,000	400,000	-	-
Issue of shares	-	-	15,131,573	151,315
At 31 March 2007	<b>50,000,000</b>	<b>500,000</b>	<b>23,119,323</b>	<b>231,193</b>

For the year ended 31 March 2007, the following share issues occurred:

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.

## **7. Explanation of transition to International Financial Reporting Standards (IFRS)**

The Group's financial statements for the year ended 31 March 2008 will be the first annual financial statements that comply with IFRS, as amended for changes due to IFRS, as adopted by the European Union. The Group's date of transition is 1 April 2006 and the opening IFRS balance sheet has been prepared as of that date. These interim financial statements are therefore the first be prepared under IFRS. The commentary below highlights the key changes that have arisen due to the transition from reporting under UK GAAP to reporting under IFRS. The unaudited comparative figures have been prepared on the same basis and are therefore restated for the impact of IFRS from those previously reported under UK GAAP.

A summary of the principal IFRS accounting policies adopted in these financial statements are set out in note 3. The impact of the IFRS transition is set out below:

### ***First-time adoption***

IFRS 1 "First-time Adoption of International Financial Reporting Standards" sets out the approach to be followed when IFRS are applied for the first time. Whilst IFRS 1 generally requires that the accounting policies are to be applied retrospectively it provides a number of optional exemptions.

Plant Impact plc has elected to apply the exemption that precludes the full retrospective application of IFRS 3: Business combinations. Hence no restatement has been made in

respect of business combinations prior to 1 April 2006. Under IFRS goodwill is not amortised, but tested annually for impairment. The goodwill amortisation charge recognised in accordance with UK GAAP in 2007 was written back and the merger reserve arising from these business combinations has not been restated.

### ***Share based payments***

Under IFRS 2 "Share based payments", the comparative figures for the six months ended 30 September 2006 has been adjusted to reflect the issue of share options. No restatement has been made in respect of the balance sheet as at 1 April 2006, as a prior year adjustment has already been reported under UK GAAP in accordance with FRS 20.

### ***Convertible loan notes***

The convertible loan notes have been restated to be in accordance with IAS 39 "Financial Instruments: Recognition and Measurement" as outlined in note 3 to these condensed consolidated interim financial statements.

### ***Holiday pay***

Under IAS 19 "Employee Benefits" a provision for holiday pay to which employees are entitled, but have not yet taken, is required. This charge was not required under UK GAAP. Accordingly, an accrual has been made at each interim period and for the year ended 31 March 2007.

### ***Explanation of material adjustments to the cash flow statement***

Application of IFRS has resulted in reclassification of certain items in the cash flow statement as follows:

- 1) Under UK GAAP, payments to acquire property, plant and equipment were classified as part of 'Capital expenditure and financial investment'. Under IFRS, payments to acquire property, plant and equipment have been classified as part of 'Investing activities'.
- 2) Income taxes are classified as operating cash flows under IFRS, but were included in a separate category of tax cash flows under previous GAAP.

There are no other material differences between the cash flow statement presented under IFRS and the cash flow statement presented under UK GAAP.

The following unaudited reconciliations have been included in this note to provide a quantification of the impact of the transition to IFRS:

**Plant Impact plc**  
**Reconciliation of equity as at 1 April 2006**

	<i>As previously reported under UK GAAP</i>	<i>IAS 39 Convertible loan interest</i>	<i>IAS 19 Holiday pay accrual</i>	<i>Restated under IFRS</i>
	£	£	£	£
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant & equipment	3,746		-	3,746
Goodwill	585,383		-	585,383
	<u>589,129</u>		<u>-</u>	<u>589,129</u>
<b>Current assets</b>				
Inventory	7,831		-	7,831
Trade and other receivables	425,509		-	425,509
Cash and cash equivalents	446,770		-	446,770
	<u>880,110</u>		<u>-</u>	<u>880,110</u>
<b>Total assets</b>	<u>1,469,239</u>		<u>-</u>	<u>1,469,239</u>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Long term borrowings	(979,323)	(16,883)	-	(996,206)
	<u>(979,323)</u>	<u>(16,883)</u>	<u>-</u>	<u>(996,206)</u>
<b>Current liabilities</b>				
Trade and other payables	(670,717)	-	(24,842)	(695,559)
	<u>(670,717)</u>	<u>-</u>	<u>(24,842)</u>	<u>(695,559)</u>
<b>Total liabilities</b>	<u>(1,650,040)</u>	<u>(16,883)</u>	<u>(24,842)</u>	<u>(1,691,765)</u>
<b>Net liabilities</b>	<u>(180,801)</u>	<u>(16,883)</u>	<u>(24,842)</u>	<u>(222,526)</u>
<b>EQUITY</b>				
<i>Equity attributable to equity holders of the parent</i>				
Share capital	79,878		-	79,878
Share premium	844,812		-	844,812
Other reserve	80,815		-	80,815
Merger reserve	182,892		-	182,892
Retained losses	(1,369,198)	(16,883)	(24,842)	(1,410,923)
<b>Total equity</b>	<u>(180,801)</u>	<u>(16,883)</u>	<u>(24,842)</u>	<u>(222,526)</u>

**Plant Impact plc**  
**Reconciliation of equity as at 30 September 2006**

	<i>As previously reported under UK GAAP</i>	<i>IAS 39 Convertible loan interest</i>	<i>IFRS3 Goodwill amortisation write-back</i>	<i>IFRS 2 Share- based compensation</i>	<i>IAS 19 Holiday pay accrual</i>	<i>Restated under IFRS</i>
	£	£	£	£	£	£
<b>ASSETS</b>						
<b>Non-current assets</b>						
Property, plant & equipment	2,937	-	-	-	-	2,937
Goodwill	570,178	-	15,205	-	-	585,383
	<u>573,115</u>	<u>-</u>	<u>15,205</u>	<u>-</u>	<u>-</u>	<u>588,320</u>
<b>Current assets</b>						
Inventory	5,663	-	-	-	-	5,663
Trade and other receivables	396,291	-	-	-	-	396,291
Cash and cash equivalents	162,871	-	-	-	-	162,871
	<u>564,825</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>564,825</u>
<b>Total assets</b>	<u>1,137,940</u>	<u>-</u>	<u>15,205</u>	<u>-</u>	<u>-</u>	<u>1,153,145</u>
<b>LIABILITIES</b>						
<b>Non-current liabilities</b>						
Long term borrowings	(1,315,994)	(162,796)	-	-	-	(1,478,790)
	<u>(1,315,994)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,478,790)</u>
<b>Current liabilities</b>						
Trade and other payables	(657,427)	-	-	-	(11,069)	(668,496)
	<u>(657,427)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(11,069)</u>	<u>(668,496)</u>
<b>Total liabilities</b>	<u>(1,973,421)</u>	<u>(162,796)</u>	<u>-</u>	<u>-</u>	<u>(11,069)</u>	<u>(2,147,286)</u>
<b>Net liabilities</b>	<u>(835,481)</u>	<u>(162,796)</u>	<u>15,205</u>	<u>-</u>	<u>(11,069)</u>	<u>(994,141)</u>
<b>EQUITY</b>						
<i>Equity attributable to equity holders of the parent</i>						
Share capital	79,878	-	-	-	-	79,878
Share premium	844,812	-	-	-	-	844,812
Other reserve	-	-	-	134,635	-	134,635
Merger reserve	182,892	-	-	-	-	182,892
Retained losses	(1,943,063)	(162,796)	15,205	(134,635)	(11,069)	(2,236,358)
<b>Total equity</b>	<u>(835,481)</u>	<u>(162,796)</u>	<u>15,205</u>	<u>-</u>	<u>(11,069)</u>	<u>(994,141)</u>

**Plant Impact plc**  
**Reconciliation of equity as at 31 March 2007**

	<i>As previously reported under UK GAAP</i> £	<i>IFRS3 Goodwill amortisation write-back</i> £	<i>IAS 19 Holiday pay accrual</i> £	<i>Restated under IFRS</i> £
<b>ASSETS</b>				
<b><i>Non-current assets</i></b>				
Property, plant & equipment	6,842	-	-	6,842
Goodwill	554,973	30,410	-	585,383
	<u>561,815</u>		-	<u>592,225</u>
<b><i>Current assets</i></b>				
Inventory	3,030	-	-	3,030
Trade and other receivables	223,035	-	-	223,035
Cash and cash equivalents	3,077,959	-	-	3,077,959
	<u>3,304,024</u>	-	-	<u>3,304,024</u>
<b>Total assets</b>	<u>3,865,839</u>	<u>30,410</u>	-	<u>3,896,249</u>
<b>LIABILITIES</b>				
<b><i>Non-current liabilities</i></b>				
Long term borrowings	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b><i>Current liabilities</i></b>				
Trade and other payables	(384,460)	-	(24,843)	(409,303)
	<u>(384,460)</u>	<u>-</u>	<u>(24,843)</u>	<u>(409,303)</u>
<b>Total liabilities</b>	<u>(384,460)</u>	<u>-</u>	<u>(24,843)</u>	<u>(409,303)</u>
<b>Net assets / (liabilities)</b>	<u><b>3,481,379</b></u>	<u><b>30,410</b></u>	<u><b>(24,843)</b></u>	<u><b>3,486,946</b></u>
<b>EQUITY</b>				
<i>Equity attributable to equity holders of the parent</i>				
Share capital	231,193	-	-	231,193
Share premium	6,019,263	-	-	6,019,263
Other reserve	188,456	-	-	188,456
Merger reserve	182,892	-	-	182,892
Retained losses	(3,140,425)	30,410	(24,843)	(3,134,858)
<b>Total Equity</b>	<u><b>3,481,379</b></u>	<u><b>30,410</b></u>	<u><b>(24,843)</b></u>	<u><b>3,486,946</b></u>

**Plant Impact plc**  
**Reconciliation of loss for the six months to 30 September 2006**

	<i>As previously reported under UK GAAP</i>	<i>IAS 39 Convertible loan interest</i>	<i>IFRS3 Goodwill amortisation write-back</i>	<i>IFRS 2 Share-based compensation</i>	<i>IAS 19 Holiday pay accrual</i>	<i>Restated under IFRS</i>
	£	£	£	£	£	£
<b>Revenue</b>	186,075	-	-	-	-	186,075
Cost of sales	(125,232)	-	-	-	-	(125,232)
Gross profit	60,843	-	-	-	-	60,843
Distribution costs	(75,075)	-	-	-	-	(75,075)
Research and development	(203,554)	-	15,205	-	7,605	(180,744)
Administrative expenses	(205,182)	-	-	(53,820)	6,169	(252,833)
Total expenses	(483,811)	-	15,205	(53,820)	13,774	(508,652)
<b>Operating loss</b>	(422,968)	-	15,205	(53,820)	13,774	(447,809)
Finance revenue	3,616	-	-	-	-	3,616
Finance costs	(235,329)	(145,913)	-	-	-	(381,242)
	(231,713)	(145,913)	-	-	-	(377,626)
<b>Loss before tax</b>	(654,681)	(145,913)	15,205	(53,820)	13,774	(825,435)
Income tax expense	-	-	-	-	-	-
<b>Loss for the period attributable to equity holders</b>	(654,681)	(145,913)	15,205	(53,820)	13,774	(825,435)

**Plant Impact plc**  
**Reconciliation of loss for the year ended to 31 March 2007**

	<i>As previously reported under UK GAAP</i>	<i>IAS 39 Convertible loan interest</i>	<i>IFRS3 Goodwill amortisation write-back</i>	<i>Restated under IFRS</i>
	£	£	£	£
<b>Revenue</b>	377,237	-	-	377,237
Cost of sales	(268,987)	-	-	(268,987)
Gross profit	108,250	-	-	108,250
Distribution costs	(119,433)	-	-	(119,433)
Research and development	(721,190)	-	30,410	(690,780)
Administrative expenses	(763,606)	-	-	(763,606)
Total expenses	(1,604,229)	-	30,410	(1,573,819)
<b>Operating loss</b>	(1,495,979)	-	30,410	(1,465,569)
Finance revenue	70,599	-	-	70,599
Finance costs	(443,857)	16,882	-	(426,975)
	(373,258)	16,882	-	(356,376)
<b>Loss before tax</b>	(1,869,237)	16,882	30,410	(1,821,945)
Income tax expense	98,010	-	-	98,010
<b>Loss for the period attributable to equity holders</b>	(1,771,227)	16,882	30,410	(1,723,935)

## **INDEPENDENT REVIEW report to Plant Impact plc**

### **Introduction**

We have been instructed by the company to review the financial information for the six months ended 30 September 2007 which comprises the Condensed consolidated interim income statement, Condensed consolidated interim balance sheet, Condensed consolidated interim statement of changes in equity, Condensed consolidated interim cash flow statement and the related notes 1 to 7. We have read the other information contained in the interim report which comprises only the Chairman statement and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This report is made solely to the company in accordance with guidance contained in APB Statements of Standards for Reporting Accountants "International Standard on Review Engagements (UK and Ireland) 2410". Our review work has been undertaken so that we might state to the company those matters we are required to state to them in a review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our review work, for this report, or for the conclusion we have formed.

### **Directors' responsibilities**

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in note 7, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting," as adopted by the European Union.

### **Our Responsibility**

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

**Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2007 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

GRANT THORNTON UK LLP  
CHARTERED ACCOUNTANTS  
MANCHESTER

26 November 2007

The maintenance and integrity of the Plant Impact plc website is the responsibility of the directors: the interim review does not involve consideration of these matters and, accordingly, the company's reporting accountants accept no responsibility for any changes that may have occurred to the interim report since it was initially presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of the interim report differ from legislation in other jurisdictions.

- Ends -