

## **Plant Impact plc ("Plant Impact" or the "Group")**

### **Unaudited Consolidated Interim Financial Statements for the six months ended 30 September 2008**

Plant Impact plc (AIM: PIM), a global developer of technologies that improve crop productivity, today announces its unaudited results for the six months ended 30 September 2008.

#### **Highlights**

##### **Commercial**

- Licensing / Partnerships
  - Advanced negotiations for global licensing of BugOil
  - Commenced negotiations to enter the biofuels market
- Distribution
  - Improving sales and geographical spread
  - New distribution agreements signed with Agrin Maroc and Miller Europe

##### **Technologies**

- BugOil regulatory submissions
  - PSD (EU) dossier submitted
  - EPA (USA) dossier scheduled for submission Q1 2009
- Collaborations with the Universities of Lancaster and Almeria
- Field trials continue to prove product efficacy

##### **Financials**

- Turnover £225,287 (2007: £128,578), the result of improved direct sales in the UK, Europe and USA
- Margins at 45% (2007: 33%), due to improved pricing and inventory availability
- Operating loss £1,300,464 (2007: £892,135), reflecting the increase in R & D expenditure and expansion of the sales team
- Cash £1,850,423 (2007: £2,363,275)

##### **Board**

- Strengthened Board with industry experienced executive and non-executive directors.

Martin Robinson, Chairman of Plant Impact plc, commented:  
“We have achieved many important regulatory, commercial and corporate milestones over the last six months. The Group is witnessing growing demand for its crop nutrient products, continuing generation of efficacy data and progress in strategic licensing negotiations. At the same time, we are increasing investment in research and development to enhance the Group’s technology pipeline. Plant Impact’s commercial successes, coupled with continuing investment in research and development will ensure long term sustainable growth.”

**For further information, please contact:**

**Plant Impact plc**

Peter Blezard, Chief Executive

[peter@plantimpact.com](mailto:peter@plantimpact.com)

Tel: + 44 (0) 1772 645164

[www.plantimpact.com](http://www.plantimpact.com)

**Blomfield Corporate Finance Ltd**

**Nominated Adviser**

Nick Harriss

[Nick.Harriss@blomfieldcf.com](mailto:Nick.Harriss@blomfieldcf.com)

Tel: +44 (0) 20 7489 4500

Emily Morgan

[em@blomfieldcf.com](mailto:em@blomfieldcf.com)

Tel: +44 (0) 1275 871717

**Media enquiries:**

**De Facto Communications**

Anna Dunphy

[A.Dunphy@Defacto.com](mailto:A.Dunphy@Defacto.com)

Tel: +44 (0) 207 861 3938

## **Chairman's Statement**

I am very pleased to present Plant Impact's results for the six months ended 30 September 2008. The Group has made steady progress over the period. During the six months under review, the Group has submitted the European registration dossier and is in advanced licensing negotiations for BugOil. The Group has carried out further trials to generate additional data on the efficacy of its crop nutrient products and commenced negotiations for a partnership entry into the biofuels market. The Group has also expanded its distribution network and made a number of important changes to the structure of the board to prepare for continuing growth.

## **Financial Review**

Turnover for the period was £225,287, compared with £128,578 for the six months ended 30 September 2007. The increase in turnover has come from direct sales to growers, particularly in the UK and Europe, and sales via distributors in the USA.

The operating loss was £1,300,464, compared with £892,135 for the six months ended 30 September 2007, reflecting the increase in research and development and the expansion of the Group's sales team. Interest and R&D tax credit receivable reduced the loss for the period attributable to equity shareholders to £1,146,259, compared with £814,922 for the six months ended 30 September 2007. Cash balances at 30 September 2008 amounted to £1,850,423, compared with £2,363,275 at 30 September 2007.

## **Submission of European product registration document for BugOil**

The Group's dossier for the European registration of BugOil, was submitted to the UK Pesticide Safety Directorate ("PSD") in August 2008. This is a key milestone for the Group and the commercial development of BugOil.

Submission of the dossier is the requisite first step in a product registration process that would enable the Group to sell and distribute BugOil in Europe. The dossier consists of a set of documents with comprehensive data on BugOil, which would lead to Annex I inclusion under EU directives. Annex I inclusion allows the active ingredients found in BugOil to be sold within the EU for use as a pest control agent. Pending product registration, Plant Impact expects to commence its first sales of BugOil in Europe in 2010. Plant Impact holds all intellectual property rights to BugOil.

The PSD criteria for registration are some of the most stringent in the world. In addition to opening up the European market for BugOil, the information collected as part of the registration process and completion of the registration by PSD will assist the Group in gaining registration outside the EU, in territories including the USA, Turkey, South America and parts of the Middle East and Africa.

## **Commercial development**

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

In April 2008, Plant Impact entered into a five-year agreement with Miller Chemical & Fertilizer Corporation, of Pennsylvania, USA ("Miller"), to market and distribute three of Plant Impact's proprietary products, primarily in the USA. Miller is a global manufacturer and distributor of specialty agricultural products and fertilisers. The agreement has resulted in sales during the six months ended 30 September 2008 of US \$64,200.

This is Plant Impact's first marketing and distribution agreement in the USA and as such represents another significant milestone, increasing the global reach of the Group's technologies and products. Under the agreement, Miller will market, distribute and provide branding support by displaying the Plant Impact logo on all products sold. In addition, this agreement allows for sales in other territories under the "Miller" brand name.

This agreement centres around three of Plant Impact's products:

- Inca - used for improved fruit quality, longer shelf life and resistance to climate stress using Plant Impact's proprietary CaT technology.
- Cocoa Stress Tolerance "CST" - used for increased marketable yield in cocoa (chocolate) production using the proprietary Alethea technology.
- Balance - used for accelerated harvest and improved fruit quality using the proprietary Speedo technology.

Miller has a significant US network with access to over 400 distributors nationwide. It also has international partners outside the US in countries including Canada, several South and Central American countries, South Africa and Australia. In addition to agricultural crops, Miller also supplies growers of commodity row crops such as cotton, corn grains and soybeans. Miller boasts a strong sales and technical team including 26 full-time sales representatives in the US.

In addition to the above agreement, the Group has entered into distribution agreements with Miller for Europe and Agrin Maroc for Morocco, both agreements are for crop nutrient products.

The Group has also seen its first commercial sales in the Netherlands, Portugal and Chile and strengthened sales in the UK, Europe and US.

The Group are in advanced negotiations with a strategic partner for the global licensing of BugOil. This agreement has the potential of fully commercialising BugOil, by providing the regulatory, marketing and distribution strength of a major agrichemical company.

Plant Impact has also commenced negotiations aimed at a partnership which will enable the Group's crop nutrient products to enter the biofuels market.

## **Successful field trials of crop nutrient products**

Extensive field trials have been undertaken during the period on varieties of fruit and vegetables. The focus is to validate product efficacy levels which exceed current grower practices. These trials have further demonstrated that Plant Impact crop nutrient products are effective and sustainable.

The trials have been conducted in the USA, Europe, UK and Middle East on apples, pears, strawberries, blackberries, lettuce and tomatoes. We have seen significant reduction in physiological disorders, increased yield, improved shelf life and lower fertiliser usage in trial crops.

An example of this is an independent field trial programme carried out in the Netherlands on Iceberg lettuce. This trial demonstrated complete eradication of tip burn (a physiological disorder), increased yield of 15%, improved shelf life by up to 7 days and a lower fertiliser input of up to 4.5 times.

The Group intends to continue its extensive field trial programme increasing the breadth of crop coverage and geographical location.

## **Board appointments**

Two Non-Executive Directors, David McNeilly and Dr. Edward Sharkey were appointed on 1 October 2008.

David McNeilly, 65, is a British and American citizen who is based in Paris, has over 42 years' experience in Life Science related businesses, including 32 years with the DuPont Co. He has lived and worked in various countries around the world. He works at the interface of technology and business development, especially in assessing how to add and capture value and in developing growth strategies. During his extensive global career, he has proven skills in leadership, strategic planning, marketing, sales and small business development. Although originally a botany graduate, the focus of David's work at DuPont was mainly in the fields of agribusiness marketing, licensing and especially biotechnology, which he has concentrated on for the last 20 years. He recently held non-executive board positions in Alaska Diagnostics Ltd (food diagnostics), Avidis S.A. (therapeutics) and Prokyma Ltd (particle separation diagnostics).

Having gained his PhD in Chemistry from the University of Edinburgh, Edward Sharkey, 61, joined AH Marks, where he spent the majority of his career in the agro-chemical industry. He progressed to the main board where as an executive director he was instrumental in the building of a Performance Chemicals business with a team of 12 scientists. Most recently, he founded Ambechem Ltd, a management consultancy business operating in the agro-chemical sector. Presently, Edward chairs a number of global task forces as well as several

international businesses and has a wealth of experience in the regulatory and registration process. He is also a director of Ambechem Ltd.

Concurrent with these appointments, Bill Thompson, who has been a non-executive Director of the Company and one of its subsidiaries since 2004, has taken on the role of Chief Operating Officer. He brings considerable operational experience to the board, having spent 17 years with Dow Chemicals, latterly as Global Business Leader for insecticides and fungicides, where he increased sales from \$65 million to \$130 million over four years. His appointment commenced on the 8<sup>th</sup> September 2008.

Mark Wyatt resigned as a non-executive director on the 31 August 2008.

### **Dividends**

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 are pleased with the progress made during the last six months. With product efficacy being demonstrated on an ever increasing geographical spread we are witnessing improving revenues. Efficacy and commercial viability are attracting the attention of key players in the agrochemical industry, many of whom are in evaluation agreements as a prelude to agreements 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 effectiveness of the Group's products in increasing crop yield and health is gaining wider 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.

We look forward to the first quarter of 2009, when we hope to make further announcements on the current negotiations for distribution and/or licensing agreements with major strategic partners.

Martin Robinson

Chairman

9 December 2008

## Plant Impact plc

### Condensed consolidated interim income statement

For the six months ended 30 September 2008

	Note	Unaudited Six months to 30 September 2008 £	Unaudited Six months to 30 September 2007 £	Audited Year ended 31 March 2008 £
Revenue		225,287	128,578	284,853
Cost of sales		(123,908)	(86,748)	(182,928)
<b>Gross profit</b>		<b>101,379</b>	<b>41,830</b>	<b>101,925</b>
Sales and distribution costs		(339,726)	(119,244)	(310,901)
Research and development costs		(730,064)	(447,120)	(945,627)
General and administrative expenses		(332,053)	(367,601)	(812,741)
Total expenses		(1,401,843)	(933,965)	(2,069,269)
<b>Operating loss</b>		<b>(1,300,464)</b>	<b>(892,135)</b>	<b>(1,967,344)</b>
Finance income		54,757	71,357	120,343
<b>Loss before tax</b>		<b>(1,245,707)</b>	<b>(820,778)</b>	<b>(1,847,001)</b>
Income tax credit		99,448	5,856	182,452
<b>Loss for the period attributable to equity shareholders of the parent</b>		<b>(1,146,259)</b>	<b>(814,922)</b>	<b>(1,664,549)</b>
<b>Loss per share attributable to equity shareholders of the parent</b>				
Basic and diluted (pence)	3	(0.04)	(0.04)	(0.07)

All results are from continuing activities.

The notes are an integral part of these condensed consolidated interim Financial Statements.

## Plant Impact plc

### Condensed consolidated interim balance sheet

At 30 September 2008

	Unaudited At 30 September 2008 £	Unaudited At 30 September 2007 £	Audited At 31 March 2008 £
<b>ASSETS</b>			
<i>Non-current assets</i>			
Property, plant and equipment	27,054	20,069	29,470
Goodwill	585,383	585,383	585,383
	<u>612,437</u>	<u>605,452</u>	<u>614,853</u>
<i>Current assets</i>			
Inventories	43,377	3,030	3,793
Trade and other receivables	303,508	80,286	212,019
Corporation tax receivable	201,549	-	176,594
Cash and cash equivalents	1,850,423	2,363,275	2,979,926
	<u>2,398,857</u>	<u>2,446,591</u>	<u>3,372,332</u>
<b>Total assets</b>	<u><b>3,011,294</b></u>	<u><b>3,052,043</b></u>	<u><b>3,987,185</b></u>
<b>LIABILITIES</b>			
<i>Current liabilities</i>			
Trade and other payables	(654,950)	(317,750)	(528,598)
	<u>(654,950)</u>	<u>(317,750)</u>	<u>(528,598)</u>
<b>Total liabilities</b>	<u><b>(654,950)</b></u>	<u><b>(317,750)</b></u>	<u><b>(528,598)</b></u>
<b>Net assets</b>	<u><b>2,356,344</b></u>	<u><b>2,734,293</b></u>	<u><b>3,458,587</b></u>
<b>EQUITY</b>			
<i>Equity attributable to equity holders of the parent</i>			
Share capital	263,108	231,193	263,108
Share premium	7,412,348	6,019,263	7,412,348
Other reserve	443,662	250,725	399,646
Merger reserve	182,892	182,892	182,892
Retained loss	(5,945,666)	(3,949,780)	(4,799,407)
<b>Total equity</b>	<u><b>2,356,344</b></u>	<u><b>2,734,293</b></u>	<u><b>3,458,587</b></u>

The notes are an integral part of these condensed consolidated interim Financial Statements.

## Plant Impact plc

### Condensed consolidated interim statement of changes in equity

For the six months ended 30 September 2008

	Share capital £	Share premium £	Other reserve £	Merger reserve £	Retained loss £	Total equity £
At 1 April 2007	231,193	6,019,263	188,456	182,892	(3,134,858)	3,486,946
Loss for the period	-	-	-	-	(814,922)	(814,922)
Share-based compensation	-	-	62,269	-	-	62,269
Balance at 30 September 2007	231,193	6,019,263	250,725	182,892	(3,949,780)	2,734,293
Loss for the period	-	-	-	-	(849,627)	(849,627)
Proceeds from placing – 21 February 2008	31,915	1,468,085	-	-	-	1,500,000
Share issue expenses	-	(75,000)	-	-	-	(75,000)
Share-based compensation	-	-	148,921	-	-	148,921
Balance at 31 March 2008	263,108	7,412,348	399,646	182,892	(4,799,407)	3,458,587
Loss for the period	-	-	-	-	(1,146,259)	(1,146,259)
Share-based compensation	-	-	44,016	-	-	44,016
<b>Balance at 30 September 2008</b>	<b>263,108</b>	<b>7,412,348</b>	<b>443,662</b>	<b>182,892</b>	<b>(5,945,666)</b>	<b>2,356,344</b>

#### Other reserve

The other reserve comprises of the fair value of share based payments granted in accordance with IFRS 2.

#### 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 2008

	Unaudited Six months to 30 September 2008 £	Unaudited Six months to 30 September 2007 £	Audited Year to 31 March 2008 £
<b>Cash flows from operating activities</b>			
Loss before tax	(1,245,707)	(820,778)	(1,847,001)
Adjusted for:			
Depreciation	6,783	2,819	7,093
Share-based compensation	44,016	62,269	211,190
Finance income	(54,757)	(71,357)	(120,343)
Working capital changes:			
(Increase) / decrease in trade and other receivables	(91,489)	44,739	(84,198)
Increase in inventories	(39,584)	-	(763)
(Decrease) / increase in trade payables	126,352	(91,553)	119,295
Cash (consumed)/generated from operations	<b>(1,254,386)</b>	(873,861)	(1,714,727)
Research and development tax credit received	74,493	103,867	103,868
Net cash outflow from operating activities	<b>(1,179,893)</b>	(769,994)	(1,610,859)
<b>Cash flows from investing activities</b>			
Purchase of plant and equipment	(4,367)	(16,047)	(29,721)
Interest received	54,757	71,357	117,547
Net cash generated from investing activities	<b>50,390</b>	55,310	87,826
<b>Cash flows from financing activities</b>			
Proceeds from issue of share capital (net of expenses)	-	-	1,425,000
Net cash generated from financing activities	-	-	1,425,000
Net decrease in cash and cash equivalents	<b>(1,129,503)</b>	(714,684)	(98,033)
Cash and cash equivalents at the beginning of the period	<b>2,979,926</b>	3,077,959	3,077,959
Cash and cash equivalents at the end of the period	<b>1,850,423</b>	2,363,275	2,979,926

## Notes to the condensed consolidated interim financial statements

### 1. Nature of operations and general information

Plant Impact plc and its 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 12 Cuerden Way, South Preston Office Village, Bamber Bridge, Preston, PR5 6BL, United Kingdom. Plant Impact plc's shares are listed on AIM, a market operated by the London Stock Exchange plc and the PLUS Market.

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

These condensed consolidated interim financial statements have been approved for issue by the Board of Directors on 9 December 2008.

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 2008, prepared under IFRS, 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. Accounting policies

The condensed consolidated interim financial statements have been prepared under the historical cost convention. The Group accounting policies used in the interim financial statements are consistent with those applied in its most recent annual financial statements. For further information, please refer to Plant Impact plc's annual financial statements for the year ended 31 March 2008.

### 3. 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:

	<b>Unaudited Six months to 30 September 2008</b>	<b>Unaudited Six months to 30 September 2007</b>	<b>Audited Year to 31 March 2008</b>
Loss for the period (£)	<b>(1,146,259)</b>	(814,922)	(1,664,549)
Weighted average number of ordinary shares	<b>26,310,813</b>	23,119,323	23,460,332
Loss per share (pence)	<b>(0.04)</b>	(0.04)	(0.07)

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.

#### **4. 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.

The Group uses the Black-Scholes model to fair value the Group's share options which resulted in a total fair value charge of £44,016 (six months to 30 September 2007: £62,269) and a corresponding credit to the other reserve.