

For Immediate release: 21 June 2004

**Plant Health Care plc**  
**Placing and Admission to AIM**

Plant Health Care plc (“the Company” or “PHC”), a leading provider of natural alternatives to synthetic chemical products for plants and soil, is seeking a listing on the AIM Market of the London Stock Exchange via a placing of Ordinary Shares by Evolution Beeson Gregory to raise up to £7 million (before expenses). Turnover for the year ended 31 December 2003 was US\$8.1 million and in the three months ended 31 March 2004 revenues increased by 21 per cent. over the same period last year.

Established in 1995 in the US, PHC’s products offer a natural alternative to synthetic fertilizers and pesticides. The dramatic increase of the organic food market and increasing regulation regarding the use of synthetic chemicals has led to a growth in the market for the Company’s products, which generally improve yields and therefore are more cost effective than the majority of synthetic products.

PHC’s products are used by customers in Europe, the US and South America. They are sold through distributors including:

Simplot Partners - one of the largest turf distributors in the US and John Deere Landscaping – one of the largest chains of garden centres in the US (PHC’s products are sold through over 70 stores)

PHC’s reclamation division works with various States and Federal Governments in the US and with private clients to re-vegetate lands disturbed by mining, construction and other activities. The Company has received a number of awards for its reclamation work and has a number of established land reclamation projects underway in Wyoming that could approximate US\$10 million over the next five years.

PHC is in advanced discussions with a large multi-national, manufacturer of plant care products for the retail market, whereby PHC will produce a white label product for the company’s newly released branded organic fertiliser and stimulant product line.

PHC has a signed letter of intent to acquire the entire issued partnership units of VAMTech, a company specialising in the synthesis of Formononetin, a key ingredient in several of PHC’s products and which stimulates growth in row crops

such as corn, soya beans and cotton. The Company has also signed a letter of intent to acquire a microbiological product (Azospirillum) and its associated trademarked brand Recharge®, which will complement PHC's products for the turf market.

Commenting on the flotation, PHC's Chief Executive, John Brady, said: "We have an excellent product portfolio, serious customers and the experienced management to take full advantage of the growing market being brought about by changes in legislation and attitudes towards biological and environmentally responsible plant products. We have a solid business which will grow both in terms of revenue and geographical reach.

"The finance provided by the Placing on AIM will allow us to push the business forward faster. We will make acquisitions, expand our sales and marketing team, make infrastructure improvements and further develop our already extensive distribution channels.

"Importantly, we are in advanced discussions to provide our products and technology to one of the world's premiere manufacturers/distributors of retail garden products. Plant Health Care's products will be white labeled and sold in the company's 'green' category of products. This combined with the proposed acquisitions of VAMTech and the Recharge™ line will greatly increase awareness of the Plant Health Care brand."

**For further information please contact:**

Plant Health Care Plc

John Brady, CEO  
Tel: 07986 155 698

Evolution Beeson Gregory  
NOMAD and Broker Tim Worlledge/Tim Redfern  
Tel: 020 7071 4300

Tavistock Communications  
John West/Katy Pratt  
Tel: 020 7920 3150

**Notes to Editors:**

## **Technology**

The PHC concept is based on the principle that healthy, productive plants can use their own natural defence systems to resist environmental stresses. As a result, they need fewer chemical treatments for survival and productive long-term growth. PHC therefore provide a preventative approach to plant care.

PHC has developed a range of products based on mycorrhizal fungi, naturally occurring fungi essential for plant growth. These fungi can significantly improve a plant's health or ability to survive in harsh environments, for example, in soil with high levels of acidity as with disused mines. Importantly, the Company has developed a process which produces a strain of the fungi on a commercial scale. PHC believes it is the only Company within the biological fertility market that can successfully produce high volumes of mycorrhizal fungi in spore form, giving it the unique attribute of a longer shelf life which is vital for commercial production. Research has shown that plants inoculated with mycorrhizal fungi are healthier, survive longer and are more tolerant to drought, high soil temperatures, disease, salinity, organic toxins and extremes in pH.

PHC has also developed a range of products based on rhizosphere bacteria which are found in the top eight to ten inches of most soil areas. These bacteria produce chemicals which stimulate plant growth, increase nitrogen levels in the soil and make phosphate from the soil available to plants.

PHC's technology is founded on a number of trade secrets.

## **Target Markets**

PHC has segmented the market into five areas: horticulture, ornamental and landscaping, agriculture, sports turf, retail home garden and land reclamation, and has developed specific biological products and applications for each market.

The markets for mycorrhizal fungi inoculants, biofertilisers, and water management agents are large and highly fragmented. The horticulture, ornamental and landscaping market is dominated by professional landscapers and arborists, landscape architects and state and local governments. In the US alone, around 330 million landscape trees and ornamental shrubs are sold annually and annual stock purchases exceed US\$10 billion.

The sports turf market, particularly for golf courses, is growing. There are over 18,000 golf courses in the US and 1,000 more planned.

It is estimated that agriculture represents a potential US\$3 billion market for products such as PHC's and with certain chemicals such as methyl bromide being banned around the world the Directors are confident that there will be increased demand for PHC's eco-friendly products.

The combined US and UK retail home garden market is estimated to include 84 million households spending approximately US\$38 billion annually on lawn retail and garden products.

In the US alone, it is estimated that there are millions of acres of mine wasteland to be reclaimed requiring significant amounts of plant material. To date PHC has completed a number of reclamation projects valued between US\$100,000 and US\$450,000.

### **Reasons for Admission and Placing and Use of Proceeds**

The Directors believe that Admission of the Company's Ordinary Shares to trading on AIM will be beneficial to the Company for the following reasons:

- it will raise the profile of Plant Health Care, providing an opportunity to position the Group as a sector innovator and technology leader and help it to attract new customers;
- it will facilitate the Group's strategy of expansion by acquisition through offering new sources of financing such acquisitions;
- it will help the Group to attract, recruit and retain key employees who may be further incentivised through share options; and
- it will aid the raising, when necessary, of additional finance, both equity and debt, for the future development of its business.

The £7 million (before expenses) being raised through the Placing is expected to be used to strengthen the balance sheet of the Group and to fund the following:

- acquisition of VAMTech;
- acquisition of new product lines;
- development of distribution channels;
- expansion of the sales and marketing team;
- infrastructure improvements;
- increased working capital resources; and
- acquisition of minority shares in PHC Inc.

## **Proposed Acquisition of VAMTech**

PHC is in discussions to acquire VAMTech, a company specialising in the synthesis of Formononetin, a compound that stimulates the growth of mycorrhizal fungi already existing in the soil. VAMTech has historically been an R&D company with minimal sales. However, PHC can provide additional routes to market through its own existing sales channels. VAMTech has been demonstrated to increase the yield of row crops, such as corn, soybeans and cotton, even when used in very small quantities. Formononetin is already a key ingredient in a number of PHC products and the products can be sold through the Company's existing distribution channels; there are numerous worldwide patents for VAMTech.

## **Proposed Acquisition of New Product Line**

PHC has signed a letter of intent to acquire a microbiological product (Azospirillum) and its associated trademarked brand, Recharge®, from Turf Labs of San Diego, California.

This product line will further enhance PHC's turf offerings and will complement the natural microbial programme approach the Group currently employs in the sports turf arena. The beneficial effects of the Recharge® programme are well documented by many university research studies. This product when used in conjunction with PHC's mycorrhizal fungi and formononetin will greatly enhance the root system of turf grass as well as decrease the time required for grow-in of new turf.