

PLANT HEATH CARE PLC
("Plant Heath Care" or "the Company")

Results for the year ended 31 December 2008

Plant Heath Care (AIM: PHC.L), a leading provider of natural products for plants and soil, announces its results for the year ended 31 December 2008.

Financial highlights:

- Revenue up 9% to \$19.9 million (2007: \$18.3 million);
- Gross profit up 26% to \$10.6 million (2007: \$8.4 million);
- Gross margin up to 54% from 46%
 - due to technology partnering revenue and increased product sales of high margin harpin business;
- Operating loss, before share-based payments, reduced to \$3.5 million (2007: \$4.8 million);
- Net loss of \$4.3 million (2007: loss of \$5.4 million); and
- Cash and short-term investments at 31 December 2008 of \$7.3 million (2007: \$10.8 million).

Operational highlights:

- Multi-year agreement signed with Monsanto for the commercialisation of harpin technology with 2008 product orders successfully fulfilled;
- Licence agreement for use of harpin gene in brassica oilseeds signed with Bayer CropScience;
- Myconate field trials continued to show yield increases up to 20% as the Company advances discussions for a significant development agreement with major agrichemical companies after the termination of the Bayer CropScience collaboration agreement;
- Harpin development and trials confirm wide range of potential applications for this technology.

Board Composition:

- Board of directors has been strengthened by appointments of Dr. David Buckeridge, Jeremy Scudamore and Dr. Dominik Koehlin, who will serve as non-executive directors.

Commenting on the results, Chief Executive John Brady said: “2008 was another excellent year for Plant Health Care. The Monsanto agreement represents the first step towards significant commercialisation of one of our key technologies. This agreement validates Plant Health Care’s strategy to bring our products into large row crop acreage through partner-type agreements, and also lends credibility to our products in the markets we service ourselves. Whilst the termination of the agreement with Bayer was disappointing, we are now in discussions with a number of parties, including other major agrichem companies, regarding collaborations to further develop and commercialise Myconate.”

“Our product sales business continued to make significant advances despite the turbulent economic conditions and downward currency pressure. We are particularly pleased with our European sales which were up 85% over the prior year. This growth was supported by increasing harpin sales as a result of excellent test results from key fruit and vegetable customers.”

“The strong advances made in both our technology sharing and product sales business provide us with an excellent platform for continued future growth. Both harpin and Myconate will continue to be a focus and cornerstone of future growth opportunities.”

For further information:

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Notes to editors

Plant Health Care was established in 1995 in Pittsburgh (Pennsylvania) in the United States. Its products are aimed at the agriculture and commercial landscaping industries, through both direct sales and supply and distribution agreements with major agrichemical industry partners. Plant Health Care’s products create both environmental and economic benefits for our customers and capitalise upon long-term trends towards natural systems and biological products to provide plant health and growth.

PLANT HEALTH CARE PLC
(“Plant Health Care” or “the Company”)

Results for the Year Ended 31 December 2008

Chairman’s statement

Introduction

I am pleased to report on another eventful and successful year for Plant Health Care. Your Company has continued to develop and expand both its product offering and trading base and to progress the commercialisation of its key intellectual property (IP).

Despite the sobering economic situation and the general decline in business conditions around the world, our key market, agriculture, continues to flourish as it benefits from strong macro drivers. There is a growing awareness of and need for effective, natural yield-enhancing products. The world’s swelling middle class is consuming more animal-based protein in its diet, which in turn increases the pressure for more agriculturally-grown animal feed. Additionally, with the cost and security of traditional fuel sources causing concern, there is growing demand for sustainable, cleaner energy, which will be met, at least in part, by biofuels. There is also a strong trend in the developed world towards minimising residual chemicals on food and in ground water, which positions our suite of products squarely in this growth area of the market.

Your Board believes strongly that our cadre of natural-based products, in particular those based upon our Myconate and harpin technologies, represent an important part of the long-term solution to these challenges.

Strategy

Our goal is to become the leading supplier of natural-based products to targeted agricultural and horticultural markets.

Our development programmes continue to find new applications of our IP-protected natural technologies harpin and Myconate. By extensive testing we extend their proven capabilities on new crops and in new modes of application. Commercial exploitation is through two sales channels: major partnerships with significant organisations, which have the distribution and resources to achieve wide penetration for our technologies in high-volume row crops; and product sales through national distributors for other product markets, such as vegetables and fruits, where we can be cost effective in reaching customers.

We also continue to seek further innovative natural technologies and products with a high level of intellectual property protection for plant growth, health and yield, in order to fulfil market demand.

An overview of 2008

In December 2008, Plant Health Care entered into a transformational agreement with Monsanto, the world's leading seed company, to commercialise our harpin-based technology as a component in their new Acceleron™ seed treatment package for major row crops and vegetables, beginning in the 2010 planting season in the US. Monsanto's Acceleron™ brand will represent a wide range of evolving seed-performance technologies dedicated to improving plant health.

This agreement validates Plant Health Care's strategy to bring our products into large row crop acreage through partner-type agreements, while also lending credibility to our products in the markets we service ourselves. Under the agreement, Monsanto has exclusivity for the use of harpin as a seed coating and Plant Health Care will, therefore, cease direct sales of this product.

Earlier in the year, we worked with the American Soybean Association to run a Satisfaction Guarantee Programme, which achieved significant sales and raised awareness amongst the 20,000 soybean farms community. Your Board is confident that the income from sales and royalties under the Monsanto agreement will exceed the direct sales achieved in 2008.

In September, we signed a long-term license agreement with Bayer CropScience for the use of Plant Health Care's harpin genes in brassica oilseeds. The naturally-occurring harpin genes encode proteins, which support growth and quality and increase the defence mechanisms of the plants against a broad spectrum of pests and diseases.

In December, we announced the termination of our agreement with Bayer CropScience AG for the commercialisation of Myconate. Although this is disappointing after many months of hard work, I am pleased to report that we are already in discussions with a number of international agrichemical companies, which have expressed interest in further developing and commercialising this product. We will continue to invest and develop new markets for this important technology.

In August, The Scotts Company placed its first significant order for the supply of our Natural Plant Food. Plant Health Care will supply Scotts with natural products for inclusion in their line of lawn and garden products for the retail market.

Summary of financial results

Revenue for the year was \$19.9 million, an increase of 9% over 2007 (\$18.3 million) and comprised \$0.6 million of fee income from partners and \$19.3 million from sales of goods and services. The gross margin was 54% (2007: 46%) due to an improved mix of higher margin harpin products. Operating expenses increased by 8.3%, to \$14.3 million (2007:\$13.6 million), as a result of increased product development and field testing expenses. The administrative cost component of operating expenses increased by 1.9% to \$8.3 million and included non-cash share-based payment expenses of \$640k (2007:\$462k). The operating loss was \$4.1 million (2007: loss of \$5.2 million) and the net loss was \$4.3 million (2007: loss of \$5.4 million).

It is expected that, in future years, the Monsanto revenue will mainly fall into the second half of the year and this will accentuate the current trading pattern, which already sees stronger revenues and cash flow in the second half, reflecting the timing of orders to suit the growing seasons.

The cash balance at 31 December 2008 was \$7.3 million, largely as a result of efficient cash management. At 28 February 2009, the cash balance had reduced to \$4.5 million, and this will fall further as we await the cash from sales booked late in the year.

Board and management appointments

As our business has developed, it has been important to add strength and depth to both our Board and our senior management team. During the period, Steve Weaver, our Chief Financial Officer, was promoted to the Board as Finance Director and we welcomed Dr. David Buckeridge and Jeremy Scudamore as non-executive directors. Since the year end, Dr. Dominik Koechlin has also joined as a non-executive director.

In addition to Board appointments, Plant Health Care has recruited Greg Warren as its Chief Operating Officer, Cheryl Eberle as Managing Director of its US Horticulture and Turf Division and Daryl Nelson as Corporate Controller.

Thomas Isler will be standing down from his position as a non-executive director at the AGM. I would like to take this opportunity to thank Thomas, who is the Senior Independent Director, for his commitment and wise counsel over the eight years that he has been on the Board. Furthermore, he has fostered invaluable relationships with our Swiss shareholders, a role that will be taken forward by Dr. Koechlin. Sam Wauchope has been appointed by the Board to succeed Mr. Isler as Senior Independent Director.

At Plant Health Care we now have a team of more than 80. The commitment and dedication of colleagues throughout the Company continues to be a key factor in our success. I thank them for their dedication and support.

Current trading and outlook

Whilst only in the early months of the year, I am pleased to report that, notwithstanding the difficult economic climate, all signs indicate another excellent year for the company. The commercialisation agreement with Monsanto for our harpin-based technology provides Plant Health Care with improved revenue visibility and the opportunity for further collaboration to develop this exciting product. Your Board believes that the worldwide need for agricultural efficiency and the strong science behind our natural-based products positions the Company for continued and sustained growth.

Plant Health Care has acquired, developed and is now commercialising its suite of natural products and has assembled a Board and management team with the right experience to execute the Company's strategy. The Company is ideally positioned to benefit from consolidation opportunities. Notwithstanding the tougher conditions that businesses across the globe face, your Board remains steadfastly committed to delivering value to shareholders and looks to the coming financial year with significant optimism.

I would like to thank all shareholders for their continued and valued support.

Dr. Albert Fischer

Chairman

23 March 2009

Chief Executive's report

Introduction

Solid performance was achieved within each business segment and against our Key Performance Indicators during 2008.

Operational review of 2008

Natural technologies

2008 was another excellent year for Plant Health Care. In addition to signing a commercialisation agreement with Monsanto, the Company's own sales into its traditional channels made significant strides. We were especially pleased with the progress in our European operations, which grew approximately 85% on the back of strong results from prior years' field trials. We continue to invest in trials, both on an independent basis and in conjunction with global agricultural crop protection, seed companies and industry bodies. To our development and trials efforts we add our commercial focus on securing the most lucrative long-term partnership agreements and routes to market.

Harpin

Commercial exploitation

The period under review was very significant for the development of our harpin technology. At the end of 2007, an agreement was reached with Monsanto for the testing and potential development of harpin technology as a seed treatment on the major row crops. Subsequently, in February 2008, Monsanto announced that it had established a Global Seed Treatment Platform to invest in growth areas for agriculture to complement its seed strategy and yield-enhancing technologies. This activity culminated when, in December 2008, Monsanto signed a contract to commercialise harpin as a seed treatment in corn, soybeans, cotton, canola and selected vegetables.

Under the long-term agreement, Plant Health Care licenses to Monsanto the exclusive rights to commercialise harpin seed treatment technology in corn, soybeans, cotton, canola and selected vegetables and also serves as product supplier in the near-term. In return, Plant Health Care received the milestone payment agreed under the Evaluation and Development Agreement announced in December 2007 and will receive ongoing fee income based on the total volume of seeds treated with harpin. Monsanto's initial order has now been successfully fulfilled. We believe this agreement will make a material contribution to the Company's future revenue and profits.

In September, it was announced that a long-term license agreement had been signed with Bayer CropScience for the use of Plant Health Care's harpin genes in brassica oilseeds. The arrangement covers all geographic areas, except Canada, the USA and Mexico, and an agreed structured schedule of payments will be made to Plant Health Care.

Further developments

In 2008, harpin-based products delivered good test results in fruit and potato trials in Europe and South Africa, respectively.

In the UK, trials of PreTect on cherries, strawberries and raspberries were undertaken by the Farm Advisory Services Team (FAST). Results of the cherry trials demonstrated that treated cherries experienced 2.5% cracking when subject to 110 mm of rainfall, whilst untreated cherries suffered 55% cracking on the first day and were written off on the second.

PreTect trials in Spain were undertaken by SICOP, a Spanish government agency, and tested the efficacy of our products application as a foliar fertiliser on olives, tomatoes, strawberries and lettuce. When a small amount of PreTect was applied to tomatoes, it led to an increase in flowering and fruiting maturity, and increases of 2.6% in yield and over 20% in the key category of firmness. The increase in firmness is the parameter that dictates the shelf-life of tomatoes and, therefore, helps reduce wastage and increases farmers' profits. There were over 3.6 million tonnes of tomatoes produced in Spain in 2007. Tests on olives showed an increase of 3.3% in yield, 5.4% in fruit size and, most importantly, a significant increase in oil content. There are currently around six million acres of olives harvested in Spain each year. Results on lettuce indicated increases in yield of 4.3% per lettuce head and strawberries showed an average increase of 5.8%.

In potato trials in South Africa, testing established that incorporating a combination of Myconate at planting followed by several foliar applications of harpin added significant yield gains of 8.1% against the industry standard.

One of the most exciting projects we are currently evaluating is the effects of harpin when combining it as a foliar application with glyphosate or fungicides. Both glyphosate, a herbicide and the world's most widely-used crop protection material, and fungicides are regularly sprayed on many hundreds of millions of acres. The significant results we have achieved over the past five years of testing underline our confidence in the efficacy of harpin when used in conjunction with other yield protection products. Based on this success, we will continue to develop the potential applications of harpin in combination both with Myconate and other established industry solutions.

Myconate

Commercial exploitation

In January 2008, non-exclusive agreements were signed with several large, multi-national agrochemical/seed companies to test and potentially commercialise Myconate in cereal grain crops, such as wheat, barley, sorghum and oats. These agreements underline the interest from major industry players in the commercial applications for Myconate and the opportunities available to us remain potentially very lucrative.

In December 2008, it was announced that, following a meeting with Bayer CropScience to discuss the next stage of the collaboration agreement to develop Myconate, a notice of termination was received. Whilst this was disappointing, we are pleased to report we are in discussions with a number of parties, including other major agrichem companies, regarding collaborations to further develop and commercialise Myconate. These discussions encompass a wide range of crops and applications, and the Board remains confident that, as a product of these discussions, the Company will conclude another significant development agreement in the next 12 to 15 months.

Further developments

Further Myconate tests have been undertaken throughout the year. Independent grower field trials of Myconate with wheat in Mexico provided further compelling evidence of yield stimulation. These large scale trials conducted by local growers on areas varying from 3.4 to 6.25 hectares showed an average yield increase, over the control, of 20% with a range of 8% to 31%. Importantly, the largest yield increases recorded were on fields that were treated with Myconate in trials conducted over the prior year, providing further evidence that the effect of Myconate is repeatable and enhanced when used annually.

The United States Department of Agriculture, Agricultural Research Service (USDA-ARS) said in July that it had found that a soil constituent known as glomalin, which is produced by beneficial vesicular arbuscular mycorrhizal fungi (VAM), aids the capture of carbon in soil. VAM development and colonisation of plant roots is known to be stimulated by Plant Health Care's Myconate. These findings further validate our belief in the efficacy of and potential multitude of applications for Myconate, and we will continue to work closely with government agencies, industry bodies and commercial partners to continue to realise the value of our Myconate technology.

Product sales and developments

Sales grew by 9% in 2008, primarily as a result of global harpin sales of \$4.4 million, a 69% increase over the \$2.6 million sold the prior year. Two factors helped drive harpin sales in 2008. These included the N-Hibit program with the American Soybean Association which was enhanced with a "Satisfaction Guarantee" programme in 2008. The new programme provided ASA members and other qualified growers with a risk-free means to evaluate N-Hibit Seed Treatment as a tool to lower Soybean Cyst Nematode (SCN) pressure and improve soybean plant health and yield. I am delighted to report that the N-Hibit Seed Treatment Satisfaction Guarantee programme was an unqualified success, with only 2.5% of the growers requesting reimbursement. Additionally, global harpin sales increased on the back of successful test results in a variety of crops.

Geographically, USA sales were relatively unchanged at \$12.9 million, as stronger harpin sales were offset by the discontinuation of organic plant food sales into the U.S. agricultural market during 2007. USA Horticultural and Turf sales of biological and other natural products were \$6.6 million in 2008 compared to \$6.3 million in 2007, and maintained its historical single digit growth rate. In Europe, sales increased 85% to \$3.7 million despite the significant strengthening of the dollar versus sterling and the euro throughout 2008. European harpin sales were strong as was our traditional portfolio of biological, mycorrhizal and organic products. Mexican sales were relatively unchanged in 2008 due to the drop in the value of the Mexican peso by over 20% in 2008. As we look forward into 2009, we are encouraged by

our strong product portfolio as well as our new commercialisation agreement with Monsanto and the potential for additional growth in our existing IP-protected products.

John Brady
Chief Executive
23 March 2009

Consolidated income statement
for the year ended 31 December 2008

	Note	2008 \$'000	2007 \$'000
Revenue	3	19,851	18,295
Cost of sales		(9,220)	(9,944)
Gross profit		10,631	8,351
Distribution costs		(5,140)	(4,660)
Research and development expenses		(1,269)	(771)
Administrative expenses		(8,319)	(8,161)
Operating loss		(4,097)	(5,241)
Finance income		184	177
Finance expense		(306)	(302)
Loss before tax		(4,219)	(5,366)
Tax expense		(62)	(47)
Loss for the year		(4,281)	(5,413)
Attributable to:			
Equity holders of the parent		(4,219)	(5,424)
Minority interest		(62)	11
		(4,281)	(5,413)
Basic and diluted loss per share	8	(9.6)¢	(12.8)¢

Consolidated statement of recognised income and expense

for the year ended 31 December 2008

	2008	2007
	\$'000	\$'000
Exchange differences on translation of foreign operations	(657)	130
Loss for the year	(4,281)	(5,413)
Total recognised income and expense for the year	(4,938)	(5,283)
Attributable to:		
Equity holders of the parent	(4,875)	(5,294)
Minority interest	(63)	11
	(4,938)	(5,283)

Consolidated balance sheet at 31 December 2008

	Note	2008 \$'000	2007 \$'000
Assets			
Non-current assets			
Intangible assets	9	4,086	4,282
Property, plant and equipment		708	928
Trade receivables	10	1,260	-
Total non-current assets		6,054	5,210
Current assets			
Inventories		2,499	2,872
Trade and other receivables	11	6,790	6,751
Investments		-	559
Cash and cash equivalents		7,252	10,254
Total current assets		16,541	20,436
Total assets		22,595	25,646
Liabilities			
Current liabilities			
Trade and other payables		5,347	3,648
Borrowings		218	205
Provisions		431	546
Total current liabilities		5,996	4,399
Non-current liabilities			
Borrowings	18	103	278
Provisions	19	70	440
Total non-current liabilities		173	718
Total liabilities		6,169	5,117
Total net assets		16,426	20,529
Capital and reserves attributable to equity holders of the Company			
Share capital		821	809
Share premium		34,102	33,451
Reverse acquisition reserve		10,548	11,016
Share-based payment reserve		1,220	580
Foreign exchange reserve		(536)	121
Retained earnings		(29,898)	(25,679)
Minority interests		16,257	20,298
		169	231
Total equity		16,426	20,529

The financial statements were approved and authorised for issue by the Board on 23 March 2009.

J Brady
Director

Consolidated cash flow statement**for the year ended 31 December 2008**

	2008	2007
	\$'000	\$'000
Cash flows from operating activities		
Loss before tax	(4,219)	(5,366)
Adjustments for:		
Depreciation	215	262
Amortisation of intangibles	251	242
Finance revenue	(184)	(177)
Finance costs	306	302
Share-based payment expense	640	462
Loss/ (gain) on sale of property, plant and equipment	75	(5)
Cash used in operating activities before changes in working capital and provisions	(2,916)	(4,280)
(Increase)/Decrease in trade and other receivables	(1,504)	208
Decrease in inventories	304	436
Increase in trade and other payables	1,754	836
(Decrease) in provisions	(472)	(121)
Cash used in operations	(2,834)	(2,921)
Interest paid	(306)	(287)
Income taxes paid	(62)	(74)
Net cash flows used in operating activities	(3,202)	(3,282)
Investing activities		
Purchase of business net assets	-	(2,446)
Purchase of property, plant and equipment	(97)	(136)
Expenditure on internally developed intangible assets	(55)	(53)
Proceeds on sale of property, plant and equipment	27	21
Interest received	184	177
Purchase of short term investments	-	(123)
Sale of short term investments	559	675
Net cash provided by/(used in) investing activities	618	(1,885)
Financing activities		
Issue of ordinary share capital	591	10,182
Exercise of options and warrants	72	1,365
Repayment of borrowings	(162)	(367)
Repurchase of minority interest's shares by subsidiary	(468)	(160)
Net cash generated from financing activities	33	11,020
Effects of exchange rate changes on cash and cash equivalents	(451)	(45)
Net (decrease)/ increase in cash and cash equivalents	(3,002)	5,808
Cash and cash equivalents at beginning of period	10,254	4,446
Cash and cash equivalents at end of period	7,252	10,254

Notes forming part of the financial statements for the year ended 31 December 2008

1. Annual Report

The abridged financial information set out herein has been extracted from financial statements approved by the directors on 23 March 2009, and which will be delivered to the Registrar of Companies following the Company's annual general meeting. The auditors have reported on these accounts and their report was unqualified and did not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their reports and did not contain statements under the Companies Act 1985, s 237(2) or (3). This financial information does not constitute statutory accounts as defined in section 240 of the Companies Act 1985.

While the financial information included in this preliminary announcement has been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRSs), this announcement itself does not contain sufficient information to comply with IFRSs. The Annual Report and Financial Statements will be posted to shareholders shortly and thereafter will be available from the Company's registered office at The Broadgate Tower, 20 Primrose Street, London EC2A 2RS, and from the Company's website www.planthealthcare.com.

2. Accounting policies

Reporting currency

The financial statements are reported in US dollars. The directors believe that it is appropriate to use US dollars as a currency for reporting, since the majority of the Group's operations are denominated in that currency.

Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs) issued by the International Accounting Standards Board (IASB) as adopted by the European Union and those parts of the Companies Act 1985 which apply to companies preparing their financial statements under IFRS.

The principal accounting policies are set out below. The policies have been applied consistently to all the years presented and on a going concern basis.

New standards adopted

First-time adoption of International Financial Reporting Standards

When the group first applied IFRSs in the financial year ended 31 December 2007, it applied the following:

- business combinations effected before 1 January 2006 have not been restated;
- the carrying amount of capitalised goodwill at 31 December 2005 that arose on business combinations accounted for using the acquisition method under UK GAAP was frozen at this amount and tested for impairment at 1 January 2006; and
- IFRS 2 'Share-based payment' has been applied to employee options granted after 7 November 2002 that had not vested by 1 January 2006.

IFRIC 11 – Group and Treasury Share Transactions

The Group has adopted IFRIC 11, which interprets previously issued IFRS2 – Group and Treasury Share Transactions. IFRIC 11 requires share-based payment transactions in which an entity receives services as consideration for its own equity instruments to be accounted for as equity-settled. This applies regardless of whether the entity chooses or is required to buy those equity instruments from another party to satisfy its obligations to its employees under the share-based payment arrangement. It also applies regardless of whether: (a) the employee's rights to the entity's equity instruments were granted by the entity itself or by its shareholder(s); or (b) the share-based payment arrangement was settled by the entity itself or by its shareholder(s).

Plant Health Care plc grants share options and shares under its long-term incentive plan directly to employees of its subsidiaries. In accordance with the provisions of the Interpretation, the cost of the share-based payments will be recorded by each subsidiary as compensation expense, with a corresponding increase in equity as a contribution from the parent.

Although there is no impact on the group consolidated financial statements, the adoption of IFRIC 11 affects the segment operating profit and loss reported for the Group's segments. The impact of the change on the comparative numbers is shown at Note 9 to the financial statements.

Forthcoming standards

There are a number of new standards and amendments to and interpretations of existing standards which have been published and are not yet mandatory and which the Company has decided not to adopt early.

A summary of these standards and their probable impact on the Company is given at Note 28 to the financial statements.

Basis of consolidation

On 6 July 2004, Plant Health Care plc became the legal parent company of Plant Health Care, Inc. in a share-for-share transaction. The former shareholders of Plant Health Care, Inc. became the majority shareholders of Plant Health Care plc. Further, the continuing operations and executive management of Plant Health Care plc were those of Plant Health Care, Inc.

This combination was accounted for as a reverse acquisition with Plant Health Care Inc., the legal acquiree, being treated as the acquirer. Under this method the assets and results of Plant Health Care plc were combined with the assets, liabilities and results of Plant Health Care Inc. from the date of combination. There was no adjustment to the carrying values of the assets and liabilities in Plant Health Care Inc. to reflect their fair value at the date of combination. No goodwill arose on this combination.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the consolidated balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated income statement from the date on which control is obtained.

Revenue

Revenue is comprised of sales of goods to external customers, performance against service contracts, which relate to land reclamation activities, (service income), and revenues generated through the commercialisation of the Company's technology (fee income). Sales of goods to external customers are at invoiced amount less value added tax or local taxes on sales and are recognised at the point that the customer takes legal title to the goods sold. Service income is recognised as the services are performed over the term of the contract. Fee income is recognised when the Company has no remaining obligations to perform under a non-cancellable contract which permits the user to act freely under the terms of the agreement.

Goodwill

Goodwill is measured as the excess of the cost of an acquisition over the net fair value of the identifiable assets, liabilities and contingent liabilities, plus any direct costs of acquisition.

Goodwill is capitalised as an intangible asset with any impairment in carrying value being charged to the consolidated income statement. The Company performs annual impairment tests for goodwill at the financial year end.

Other intangible assets

Externally-acquired intangible assets are initially recognised at cost and subsequently amortised on a straight-line basis over their useful economic lives. The amortisation expense is included within the administrative expenses in the consolidated income statement.

Intangible assets are recognised on business combinations if they are separable from the acquired entity or give rise to other contractual or legal rights. The amounts ascribed to such intangibles are arrived at by using appropriate valuation techniques.

Expenditures on internally-developed intangible assets (research and development costs) are capitalised if it can be demonstrated that:

- it is technically feasible to develop the product for it to be sold;
- adequate resources are available to complete the development;
- there is an intention to complete and sell the product;
- the Group is able to sell the product;
- sale of the product will generate future economic benefits; and
- expenditure on the project can be measured reliably.

Capitalised development costs are amortised over the periods of the future economic benefit attributable to the asset. The amortisation expense is included within administrative expenses in the consolidated income statement.

Development expenditure not satisfying the above criteria and expenditure on the research phase of internal projects are recognised in the consolidated income statement as incurred.

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

Licenses	-	12 years
Developed technology	-	15 years
Trade name and customer relationships	-	15 years
Registrations	-	5-10 years

Impairment of goodwill and other intangible assets

Impairment tests on goodwill are undertaken annually at the financial year end. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (that is the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Impairment charges are included within administrative expenses in the consolidated income statement. An impairment loss recognised for goodwill is not reversed.

Foreign currency

Foreign currency transactions of individual companies are translated into the individual company's functional currency. Any differences are taken to the income statement.

On consolidation, the results of non-US operations are translated into US dollars at rates approximating to those ruling when the transactions took place. Balance sheets are translated at the rate ruling at the balance sheet date. Exchange differences arising on translating the opening net assets at opening rate and the results of non-US operations at actual rate are recognised directly in equity (the 'foreign exchange reserve').

Financial instruments

Trade receivables collectible within one year from date of invoicing are recognised at invoice value less provision for amounts the collectability of which is uncertain. Trade receivables collectible after more than one year from date of invoicing are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Short-term investments comprise interest bearing cash held on deposit and short-term investments maturing in less than one year at fixed rates of interest.

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to insignificant risk of changes in value.

Bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the instrument. Borrowings are subsequently measured at amortised cost using the effective interest rate method, which ensures that interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the balance sheet.

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

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Employee benefits

The Group maintains a number of defined contribution pension schemes for certain of its employees; the Group does not contribute to any defined benefit pension schemes. The amount charged to the income statement represents the employer contributions payable to the schemes for the financial period.

The expected costs of all short-term employee benefits, including short-term compensated absences, are recognised during the period the employee service is rendered.

Equity share-based payments

Share-based payments issued to employees include share options and stock awards under a long-term incentive plan. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. The fair value determined at the date of grant is recognised as an expense with a corresponding increase in equity on a straight-line basis over the vesting period, based on the Company's estimate of the shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions.

3. Revenue

	2008	2007
	\$'000s	\$'000s
Revenue arises from:		
Sale of goods	17,960	15,523
Service contracts and fee income	1,891	2,772
	19,851	18,295

4. Operating loss

	2008 \$'000s	2007 \$'000s
Operating loss is arrived at after charging/(crediting):		
Staff costs, excluding share-based payments	7,485	7,369
Share-based payment expense	640	462
Research and development costs	1,269	771
Depreciation	215	262
Amortisation	251	242
Write-down of inventory to net realisable value	41	114
Operating lease expense	535	543
Loss/(gain) on disposal of property, plant and equipment	75	(5)
Auditor's remuneration:		
Fees payable to the Company's auditor for the audit of the Company's annual accounts	78	127
Fees payable to the Company's auditor for other services:		
Audit of the Company's subsidiaries	113	143
Tax services	19	5
Other services*	-	18
Total fees for other services	132	166
Total auditor's remuneration	210	293

5. Share-based payment

The Company operates two equity-settled share-based remuneration schemes for employees: a share option scheme and a long-term incentive stock award plan.

Valuation of the share options granted during the year ended 31 December 2008 was as follows:

	15 Oct	29 Sep	15 Apr	1 Apr	31 Mar
Share options granted	17,500	50,000	123,000	52,000	105,000
Weighted average fair value	171p	205p	160p	133p	128p

Assumptions used in measuring fair value:

Weighted average share price	258p	315p	320.5p	265.5p	259.5p
Exercise price	250p	317.25p	325p	267.5p	267.5p
Expected volatility	70%	70%	45%	45%	45%
Option life (years)	10	10	10	10	10
Expected vesting period (years)	4.5	4.5	4.5	4.5	4.5
Expected dividend yield	Nil	Nil	Nil	Nil	Nil
Risk-free interest rate	4.44%	4.17%	4.08%	4.07%	3.95%

Valuation of the share options granted during the year ended 31 December 2007 was as follows:

	26 Sep	17 Jan
Share options granted	16,500	175,000
Weighted average fair value	134p	90p
Assumptions used in measuring fair value:		
Weighted average share price	240p	165p
Exercise price	245p	224p
Expected volatility	53%	60%
Option life (years)	10	10
Expected vesting period (years)	4.5	4.5
Expected dividend yield	Nil	Nil
Risk-free interest rate	5.04%	5.09%

Valuation of the long-term incentive awards granted during the year ended 31 December 2008 was as follows:

	16 Jun	1 Apr
Shares awarded	50,000	83,333
Weighted average fair value	253p	113p
Assumptions used in measuring fair value:		
Expected volatility	49%	45%
Expected vesting period (years)	3	3.24
Expected dividend yield	Nil	Nil
Risk-free interest rate	5.38%	4.44%

Valuation of the long-term incentive awards granted during the year ended 31 December 2007 was as follows:

	4 Oct	1 Jul
Shares awarded	100,000	300,000
Weighted average fair value	216p	237p
Assumptions used in measuring fair value:		
Expected volatility	58%	58%
Expected vesting period (years)	3	2.5
Expected dividend yield	Nil	Nil
Risk-free interest rate	4.93%	5.59%

For valuation of both the share options granted and LTIP shares awarded, in 2007 and 2008:

- The expected volatility was determined by reference to the historical share price of Plant Health Care plc for a three-year period;
- The expected vesting period reflects market-based performance conditions for these options and share awards; and
- Fair values were calculated using the binomial option pricing model.

6. Segment information

The Group's primary reporting format for reporting segment information is geographical segments, based on where the Group's operations are located, (USA, Mexico and Europe). The secondary segment format represents customer markets (Agriculture, Horticulture and Turf, and other).

Primary reporting format

The following table analyses the Group's revenue and operating profit by geographical segment. Unallocated central costs include finance, human resources, legal and employee costs that are not directly allocated to the geographical operating units.

Primary segmental information 2008

	USA \$'000s	Mexico \$'000s	Europe \$'000s	Elimination \$'000s	Total \$'000s
Revenue					
External sales	12,892	3,241	3,718	-	19,851
Inter-segment sales	1,226	37	453	(1,716)	-
Total revenue	14,118	3,278	4,171	(1,716)	19,851
Segment operating (loss)/ profit	(1,229)	(189)	166	342	(910)
Unallocated corporate expenses					(3,187)
Operating loss					(4,097)
Finance income					184
Finance expense					(306)
Tax expense					(62)
Loss for the year					(4,281)

Other segment information:

	USA \$'000s	Mexico \$'000s	Europe \$'000s	Unallocated/ Eliminations \$'000s	Total \$'000s
Segment assets	16,208	1,625	4,760	2	22,595
Segment liabilities	3,982	473	738	976	6,169
Capital expenditure	16	-	154	(73)	97
Depreciation	150	17	26	22	215
Amortisation	251	-	-	-	251
Other non-cash expenses:					
Share-based payment	122	32	22	464	640

**Primary segmental information
2007**

	USA \$'000s	Mexico \$'000s	Europe \$'000s	Elimination \$'000s	Total \$'000s
Revenue					
External sales	12,996	3,295	2,004	-	18,295
Inter-segment sales	543	-	878	(1,421)	-
Total revenue	13,539	3,295	2,882	(1,421)	18,295
Segment operating (loss) profit	(1,996)	256	(380)	-	(2,120)
Unallocated corporate expenses					(3,121)
Operating loss					(5,241)
Finance income					177
Finance expense					(302)
Tax expense					(47)
Loss for the year					(5,413)

Other segment information:

	USA \$'000s	Mexico \$'000s	Europe \$'000s	Unallocated/ Eliminations \$'000s	Total \$'000s
Segment assets	13,259	1,982	3,422	6,983	25,646
Segment liabilities	4,012	469	2,064	(1,428)	5,117
Capital expenditure	78	45	15	49	187
Depreciation	164	68	24	6	262
Amortisation	242	-	-	-	242
Other non-cash expenses:					
Share-based payment	93	17	14	338	462

Segment assets include all operating assets used by a segment and consist principally of operating cash, receivables, inventories, property, plant and equipment and intangible assets, net of allowances and provisions. Segment liabilities include all operating liabilities and consist principally of trade payables and accrued liabilities.

Unallocated assets and liabilities include assets and liabilities attributable to the general entity including cash and short-term investments, property plant and equipment, income tax accounts, borrowings and trade payables and accrued expenses.

Secondary reporting format

The Group's secondary reporting format for reporting segment information is by product market.

	External revenue by product market	
	2008 \$'000s	2007 \$'000s
Agriculture	9,016	8,025
Horticulture and Turf	9,064	7,898
Other	1,771	2,372
	<u>19,851</u>	<u>18,295</u>

There is a high proportion of operating costs which are unable to be allocated between these segments, and assets, liabilities and capital expenditures are common across all secondary segments and therefore cannot be allocated on a reasonable basis. This segmental information has therefore not been disclosed.

Adoption of new accounting standard: operating profit/(loss) by segment

As disclosed in Note 2, in 2008 the Company adopted for the first time the provisions of IFRIC 11. The adoption of IFRIC 11 affects the segment operating profit and loss reported for the Group's segments. The comparative numbers shown above reflect the provisions of the revised standard. The impact of the change on the comparative numbers is:

	As previously reported year ended 31 December 2007 \$'000s	Adjustment to share-based payment expense \$'000s	As restated year-ended 31 December 2007 \$'000s
Segment operating (loss)/profit:			
USA	(1,903)	(93)	(1,996)
Mexico	273	(17)	256
Europe	(366)	(14)	(380)
	(1,996)	(124)	(2,120)
Unallocated corporate expenses	(3,245)	124	(3,121)
Consolidated operating loss	<u>(5,241)</u>	-	<u>(5,241)</u>

7. Tax expense

The tax charge for the year comprises:

	2008 \$000s	2007 \$000s
<i>Current tax expense</i>		
Corporation tax and income tax on profits for the year	62	77
Utilisation of previously unrecognised tax losses	-	(30)
	<u>62</u>	<u>47</u>
<i>Deferred tax expense:</i>		
Origination and reversal of temporary differences	-	-
	<u>62</u>	<u>47</u>

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the UK applied to profits for the year are as follows:

	2008	2007
	\$000s	\$000s
Loss for the period	(4,219)	(5,366)
Expected tax charge based on the standard rate of corporation tax in the UK of 28.5% (2007: 30%)	(1,203)	(1,610)
Expenses not deductible for tax purposes	-	40
Income not assessable to tax	(61)	-
Utilisation of previously unrecognised tax losses	(49)	(30)
Financial statement share-based payment expense	182	139
Tax returns share-based payment expense	(214)	(2,089)
Losses in year not relieved against current tax	960	3,398
Amortisation of intangibles	(2)	3
Short-term timing differences	450	437
Different tax rates applied in overseas jurisdictions	(1)	(241)
	62	47

At 31 December 2008, the Group had a potential deferred tax asset of \$9,520,000, which includes tax losses available to carry forward of \$6,951,000 (being actual losses of \$24,940,259 at a blended global tax rate of 27.8%) arising from historic losses incurred, anticipated tax relief on share-based payments of \$1,683,000 and other timing differences of \$886,000.

8. Loss per share

Basic loss per ordinary share has been calculated on the basis of the loss attributable to equity holders of the parent of \$4,306,000 (2007 – loss of \$5,424,000) and the weighted average number of shares in issue during the relevant financial periods. For 2008, the weighted average number of equity shares in issue is 44,748,407 (2007 – 42,408,798). Equity instruments equal to 3,865,202 (2007: 3,594,202), which includes share options, warrants and share awards as shown within Note 22, that could potentially dilute basic earnings per share in the future have been considered, but were not included in the calculation of diluted earnings per share because they are anti-dilutive for the periods presented.

9. Intangible assets

	Goodwill \$'000s	Licenses and registrations \$'000s	Developed technology \$'000s	Trade name and customer relationships \$'000s	Total \$'000s
Cost					
Balance at 1 January 2007	188	2,586	-	-	2,774
Additions – internally developed	-	53	-	-	53
Acquired through business combinations	1,432	-	143	159	1,734
Balance at 31 December 2007	1,620	2,639	143	159	4,561
Additions – internally developed	-	-	55	-	55
Balance at 31 December 2008	1,620	2,639	198	159	4,616
Accumulated amortisation					
Balance at 1 January 2007	-	37	-	-	37
Amortisation charge for the year	-	217	12	13	242
Balance at 31 December 2007	-	254	12	13	279
Amortisation charge for the year	-	228	12	11	251
Balance at 31 December 2008	-	482	24	24	530
Net book value					
At 31 December 2007	1,620	2,385	131	146	4,282
At 31 December 2008	1,620	2,157	174	135	4,086

Included in the balance sheet at 31 December 2008 is goodwill with a net book value of \$188,000 with respect to a previous year acquisition, and \$1,432,000 related to the 2007 acquisition of the Eden Bioscience assets as disclosed in Note 26. The goodwill has been tested for impairment using budgeted discounted cash flows, using a pre-tax discount rate of 15% and performance projections over 5 years with residual growth assumed at 2% and has been determined not to be impaired at 31 December 2008. The entire value of the goodwill has been allocated to the Group's USA segments.

10. Trade and other receivables

	2008 \$'000s	2007 \$'000s
<u>Current:</u>		
Trade receivables	6,891	6,914
Less: provision for impairment	(446)	(775)
Trade receivables, net	6,445	6,139
Other receivables and prepayments	345	586
Prepaid corporation tax	-	26
Current trade and other receivables	6,790	6,751
<u>Long-term:</u>		
Trade receivables	1,619	-
Less: provision for impairment	(359)	-
Long-term trade and other receivables	1,260	-
	8,050	6,751

The trade receivable current balance represents trade receivables with a due date for collection within a one year period. The trade receivable long-term balance represents the present value of trade receivables with a collection period that exceeds one year.

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

	2008 \$'000s	2007 \$'000s
Balance at the beginning of the year	775	312
Provided	306	516
Receivables written off as uncollectible	(282)	(45)
Unused amounts reversed	6	(8)
	<hr/>	<hr/>
Balance at the end of the year	805	775

The gross value of trade receivables for which a provision for impairment has been made is \$1,620,000 (2007: \$1,216,000).

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

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

	2008 \$'000s	2007 \$'000s
Current	7,350	5,827
Past due:		
Up to 3 months	462	457
3 to 6 months	66	79
6 to 12 months	172	388
	<hr/>	<hr/>
Total	8,050	6,751

The main factors used in assessing the impairment of trade receivables are the age of the balances and the circumstances of the individual customer.

11. Trade and other payables

	2008 \$'000s	2007 \$'000s
Trade payables	1,792	1,276
Accruals	2,770	2,185
Deferred income	571	-
Taxation and social security	214	187
	<hr/>	<hr/>
	5,347	3,648

12. Cautionary Statement

Plant Health Care has made forward-looking statements in this press release, including: statements about the market for and benefits of its products and services; financial results; product development plans; the potential benefits of business relationships with third parties; and business strategies. These statements about future events are subject to risks and uncertainties that could cause Plant Health Care's actual results to differ materially from those that might be inferred from the forward-looking statements. Plant Health Care can make no assurance that any forward-looking statements will prove correct.