



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

Results for the year ended 31 December 2009

Plant Heath Care (AIM: PHC.L), a leading provider of naturally derived products to the agriculture and landscape industries, announces its results for the year ended 31 December 2009.

Highlights:

- Six month period to 31 December 2009, first ever of profitable trading
- Long-term contractual relationship with Monsanto generated its first significant revenues
- Interest in Harpin and Myconate remains very strong
- Revenue up 16.9% to \$23.2 million (2008: \$19.9 million)
- Gross profit up 18.9% to \$12.6 million (2008: \$10.6 million)
- Gross margin up to 54.4% (2008: 53.6%)
- Operating loss reduced to \$2.4 million (2008: \$4.1 million)
- Net loss of \$1.3 million (2008: loss of \$4.3 million) and
- Cash and short-term investments at 31 December 2009 of \$15.9 million (2008: \$7.3 million)

Commenting on the results, Chief Executive John Brady said: "I am pleased to report a year of great strategic progress for Plant Health Care. Our long-term partnership with Monsanto generated its first significant revenues, well ahead of expectations, and we generated our first ever half year period of profitable trading. Interest in our Harpin and Myconate technologies is greater than ever, and we are confident of further commercial agreements this year. Plant Health Care is perfectly poised to take advantage of the continuing worldwide demand for products which increase agricultural yields."

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Notes to editors:

About Plant Health Care plc: Plant Health Care plc ("PHC") is a leading provider of naturally derived products for plants and soil. Established in 1995 in Pittsburgh (Pennsylvania) in the United States, PHC currently has approximately 80 employees and has operations in the United States, Mexico, the United Kingdom, Spain, and the Netherlands. The Company listed on the AIM market of the London Stock Exchange in July 2004. Ticker symbol is PHC.

PHC's products are aimed at the agriculture and landscape industries and are environmentally beneficial. Through the commercialisation of these products, PHC is capitalising on current long-term trends toward natural systems and biological products for improved plant yield, plant health and soil and water management. Further information is available at: www.planthealthcare.com.

PLANT HEALTH CARE PLC

("Plant Health Care" or "the Company")

Results for the Year Ended 31 December 2009

Chairman's Statement

Overview

2009 saw Plant Health Care make significant strategic and financial progress, despite the difficult economic environment. In particular, our long-term contractual relationship with Monsanto Company ("Monsanto") generated its first significant revenues as Monsanto purchased supplies of our Harpin product ahead of the 2010 launch of its seed treatment package, Acceleron for use on soybeans in the United States. Harpin is a key component of Acceleron.

The sales under this contract helped the Company generate its first ever profitable half year and reduce significantly the overall loss for the full year. Further, discussions with potential partners for both Harpin, on other crops and by other application methods, and our Myconate technology are making good progress. We are in a strong cash position; our successful capital raising of £10.5 million in May contributing toward a year-end balance on cash and short-term investments of \$15.9 million.

Financial results

Group sales for the period were \$23.2 million (2008: \$19.9 million), driven by our Harpin revenues which more than compensated for the effects of the recession that were felt right across our traditional business. Our gross profit margin grew from 53.6% to 54.4% despite the decrease in the margins on products as a result of the adverse economic climate.

Operating expenses were \$15.0 million (2008: \$14.7 million). An exchange gain of \$1 million, as we transferred sterling receipts from our capital raising into US dollars, helped reduce the loss before tax to \$1.3 million (2008: loss of \$4.2 million). A more detailed commentary on the financial results is provided in the Chief Executive's report.

Strategy

We continue to focus on our sustainable, naturally-derived technologies and products delivering yield enhancement and plant health protection to growers. Our most effective route to market will normally be through collaborative partnerships with some of the largest agrichemical and seed companies in the world. In certain niche areas we will also work with mid-market specialist partners and, where crops or plants cover smaller acreage, we may choose to access markets directly.

Demand for yield-enhancing products is as strong as it has ever been and is expected to continue to grow apace. For Plant Health Care, this demand is evidenced by the level of interest being shown by prospective partners in our two key technologies, Harpin and Myconate. Throughout the year, our team has worked closely with a number of these parties, testing the technologies both as a foliar spray and in combination with their existing products, most of which are already well established. At the time of writing, we are in promising discussions with a number of parties in relation to new partnering agreements for both Harpin and Myconate and we expect to conclude additional agreements during the 2010 financial year.

During the year, we continued to invest in our IP-protected technologies in order to extend their reach in the marketplace by addressing new crops and by creating new application methods and formulations, and to prove their efficacy and value to the end customer through extensive trialling programmes. Much of this trialling activity is now done under commercial confidentiality agreements with prospective partners. In 2010 we will extend this investment programme to further develop our Harpin pipeline with the goal of bringing to market a new generation of products within the next 36 months to extend our market reach.

Dual listing

The Board has approved a proposal to apply to list Plant Health Care shares on the Channel Islands Stock Exchange, alongside our current listing on London's AIM market. This proposed dual listing of our shares on a regulated market will allow certain investors who do not have the authority to invest in AIM stocks to have access to our shares. Importantly, it will also bring the Company within the governance of the UK Takeover Panel.

Current trading and outlook

2009 was a year of both challenges and opportunities, but also a year of achievement. The economic conditions made trading more challenging for all, but the future of Plant Health Care's business is underpinned by the growing demand for food crops, which will continue to outstrip available acreage. There is a growing need and demand in the market for yield-enhancing and plant health protection products and, with Harpin being sold to growers in significant quantity for the first time, we believe that your Company is in a strong position to take advantage of that need and demand. Our priority is clear; we will translate our potential into financial success and take the necessary steps to becoming a globally significant plant health company.

Although it is early in the year and is therefore too soon to comment in detail on the revenue potential for 2010, your Board is confident that further partnering agreements will be entered into during the year. However, as previously indicated, as relationships with the Company's major customers have developed it has become clear that, in the future, they will increasingly seek to align their purchasing of product more closely with its use. We are therefore being more cautious on sales in 2010 and beyond, anticipating that a percentage of sales to partners previously expected to fall in the year prior to the product use are now likely to fall into the year of use.

With all of the progress made during the past two years and the market forces supporting us, your Board has confidence in the Company's prospects for the years ahead.

This statement is my last as Chairman of Plant Health Care. After nine years in the role, I will retire from the Board at the conclusion of the forthcoming Annual General Meeting. I will be succeeded as Chairman by Dominik Koechlin, who joined our Board in January 2009 and who has already made a strong contribution to our deliberations over the past year.

It has been a privilege to serve as your Chairman. I believe that Plant Health Care has a very bright future. Going forward, the Company will continue to strive to achieve its potential and to create value for all stakeholders by becoming a market-leading supplier of natural products.

The performance of the business is a result of the quality and commitment of the executive team we have assembled, the hard work of all the Plant Health Care staff and the dedicated support from our advisors. I would like to take this opportunity to thank them all. Whilst my time with the Company will end in the spring of this year, I will remain an ardent supporter of Plant Health Care and I wish the team continued success in the years ahead.

Albert Fischer
Chairman
12 February 2010

Chief Executive's Report

I am pleased to report another year of increased sales at Plant Health Care, alongside a positive operational performance. We achieved a number of important milestones during 2009, including our first ever six month period of profitable trading. We have also taken important steps towards our strategic goals by developing our relationships with our partners, in particular by achieving first significant sales of our Harpin product through our relationship with Monsanto.

Technology partnering

The exploitation of our technologies and products through partnerships is, without question, the key to generating transformational value for shareholders and I am delighted to report on a year which augurs well for 2010 and beyond.

Our naturally-derived technologies, Harpin and Myconate, have been on the radar of a number of established players in the market for the past few years. We are now seeing real traction, not least because our first partnering agreement to commercialise Harpin is exceeding all expectations.

Unlike in previous years, there are few field trials to report. Rather than conducting trials on an independent basis, the results of which were used to demonstrate the efficacy of our technologies, we now more commonly work with possible commercial partners. These parties include representatives from all of our stated target market segments; major agrichemical companies, seed companies and mid-market specialty companies. The results of our field trials are therefore subject to confidentiality agreements.

Harpin

In December 2008, we announced to the market that we had entered into an agreement with Monsanto for the commercialisation of our Harpin-based technology as a seed treatment in major row crops and vegetables. The initial order, placed in January 2009 by Monsanto, was to cover four to five million acres of soybeans. However, the order was subsequently increased twice to a level which, according to Monsanto, will enable deployment on approximately eight to ten million acres.

These 2009 purchases by Monsanto are to support their roll-out of Roundup Ready 2 Yield soybeans for 2010 planting in North America. Soybeans were planted on 76 million acres in North America this year, according to the United States Department of Agriculture, and consequently there is significant growth potential for use on this crop in North America alone. We are also working closely with Monsanto towards rolling-out Harpin in other markets and on the other crops covered by their contract over the next few years.

Whilst this first partnership agreement for Harpin is still in its infancy, prospects are very bright indeed. Monsanto is one of the world's largest seed companies and our agreement is not only an endorsement of the quality and potential of our technology, but provides the basis for significant additional applications.

In addition to Harpin's application as a seed treatment on the major row crops and vegetables, Plant Health Care is in discussions with a number of parties concerning the use of Harpin both on other crops, such as rice and alfalfa, and as a foliar spray in combination with herbicides and fungicides. These discussions relate to potential agreements of significant value and therefore take time to conclude, but your Board remains confident of announcing its second Harpin agreement during 2010.

Myconate

Myconate is the second of our flagship technologies and its prospects also remain encouraging. This technology works by stimulating the colonisation of plant roots and, during 2009, our team ran large scale evaluation programmes on major row crops and cereals with a group of the largest agrichemical and seed companies. In addition to these collaborative trials, we continued to undertake independent field tests, with a particular focus on crops which are grown on smaller acreage. In February 2010, Plant Health Care announced the results of independent tests, conducted during the

period under review, of Myconate and Harpin's application on sugar cane in Louisiana, USA. The results demonstrated that when Myconate and Harpin were applied, both separately and in combination, the boost in sugar production per acre was some 19-23%.

Interest since the trials has been reinforced and detailed discussions in relation to partnering agreements are ongoing. Post the period end, in February 2010, the Company received an order for Myconate from a major regional soybean seed company. This order followed a number of years of collaborative trials. Whilst this order will not have a material impact on earnings, it is an encouraging development and the latest validation of our Myconate technology.

We referred in September to our discussions concerning the termination of our agreement with Bayer CropScience. These discussions are ongoing.

Direct sales

Agriculture

In 2009, direct Harpin sales were \$0.8 million. We are currently in a transitional phase in regard to such product sales, as we had to give up the right to direct sales of certain Harpin products as a condition of our partnering agreement with Monsanto. Looking ahead, the revenue from our existing agreement for Harpin and anticipated future partnership agreements is expected to exceed many times over the revenue that would have been possible for us by direct sales activity in the US agriculture market, at greater margin and with less operating expense required to support the business.

Outside of the US, where our product and customer profiles are different, we saw a steady performance in Europe, where sales held up at \$3.7 million, despite the difficult economic conditions. In Mexico, whilst sales were flat in local currency terms, they were hit hard by the devaluation of the peso and, in dollar terms, were down 18% at \$2.6 million.

Horticulture and Turf

Sales within our Horticulture and Turf business in the US are highly sensitive to the state of the United States housing market (both new builds and home improvements), the very weak performance of which is widely known. In consequence, our sales for the year were down 26% at \$5.2 million as our distributors saw their own sales drop and reacted by de-stocking. As it is difficult to see any material improvement in the economic conditions, we are not expecting an improvement in this business in 2010, and continue to rein in costs until better times are seen.

However, I am delighted to record that, in August 2009, we announced the expansion of our partnership with the Scotts Company. This expansion will see us supply Scotts, which is the world's leading retailer in the consumer lawn and garden industry, with a natural, biologically-enhanced fertiliser which is scheduled to be available to consumers in selected regional markets in 2010 and nationally in 2011.

Financials

Sales and gross margin

Group sales for the period were \$23.2 million (2008: \$19.9 million). Our gross margin was \$12.6 million, 54.4% of revenue. This compares with 2008 when we generated a gross margin of \$10.6 million (53.6%). Our sales of Harpin (whether direct or via our partnerships) generate a significantly greater gross margin than direct sales of other products, where the economic difficulties of 2009 led to some pricing and margin pressure.

Operating costs

Our total operating costs in 2009 were \$15.0 million (2008: \$14.7 million). The relatively flat total masks two significant changes: increased investment in the development, commercialisation and support activities associated with our partnering business, offset by reductions in costs associated with our direct sales activities, as we recognised the impact of the economic downturn on that aspect of our overall business.

Cash

In 2009, we absorbed \$7.4 million (2008: \$2.9 million) of cash in operations, largely as a result of the sales to Monsanto being very much in the final quarter of the year, and the licence fee associated with these sales being payable at the end of the contract year (i.e. payment of the licence fee in the second half of 2010 relates to sales made in the second half of 2009). Accordingly, year-end trade and other receivables have grown to \$14.5 million (2008: \$8.1 million). We anticipate the first year effect of this pattern to be exceptional, although, as our partnering business grows, we would expect to see some increase in accounts receivable.

In May 2009, in anticipation of this working capital requirement and of our plan to increase spending on product development, we raised some £10.5 million (before expenses) by placing 7.5 million new shares at a small discount to the then market price. This placing was well supported by our major shareholders.

At 31 December 2009, cash and short-term liquid investments totalled \$15.9 million (2008: \$7.3 million).

Board and management

In recent years, we have added to the knowledge and skills of our team by bringing in new senior managers and I believe that we have a top quality executive team.

At the non-executive level, Albert Fischer will retire from his role as Chairman in 2010 and it is to him that I would like to pay particular tribute. Albert has made a significant contribution to our Company over the past nine years and has provided the executive team with the support needed to develop and grow our organisation. On behalf of the team at Plant Health Care, I would like to thank Albert and wish him well in his future endeavours. I look forward to working with Dominik Koechlin, who is replacing Albert, in taking the Company forward.

Outlook

The world we live in is changing and I believe that it will change more over the next 25 years than it has in many generations. The challenges that must be confronted revolve around food supplies, energy and water.

These challenges are already evident, with food riots in Africa, the Americas and Asia in recent years. A growing population and a swelling middle class in the emerging economies are combining to exert added pressure on food supplies.

With minimal growth in available farming acreage, technologies like Harpin and Myconate will form part of the solution. Our focus will be to ensure that Plant Health Care remains well positioned and that our existing and future partnering agreements see us deliver against our strategy of returning value to our shareholders by realising the potential of our naturally-derived, sustainable technologies.

John Brady
Chief Executive
12 February 2010

Consolidated statement of comprehensive income for the year ended 31 December 2009

	Note	2009 \$'000	2008 \$'000
Revenue	3	23,214	19,851
Cost of sales		<u>(10,573)</u>	<u>(9,220)</u>
Gross profit		12,641	10,631
Distribution costs		(4,144)	(5,140)
Research and development expenses		(1,946)	(1,269)
Administrative expenses		<u>(8,957)</u>	<u>(8,319)</u>
Operating loss	4	(2,406)	(4,097)
Finance income	5	1,203	184
Finance expense	5	<u>(58)</u>	<u>(306)</u>
Loss before tax		(1,261)	(4,219)
Income tax expense	6	<u>(85)</u>	<u>(62)</u>
Net loss for the year		(1,346)	(4,281)
Other comprehensive income/(loss):			
Exchange difference on translation of foreign operations		<u>95</u>	<u>(657)</u>
Total comprehensive loss for the year		<u>(1,251)</u>	<u>(4,938)</u>
Net loss attributable to:			
Owners of the parent		(1,331)	(4,219)
Non-controlling interest		<u>(15)</u>	<u>(62)</u>
		<u>(1,346)</u>	<u>(4,281)</u>
Total comprehensive loss attributable to:			
Owners of the parent		(1,236)	(4,875)
Non-controlling interest		<u>(15)</u>	<u>(63)</u>
		<u>(1,251)</u>	<u>(4,938)</u>
Basic and diluted loss per share (\$)	7	<u>(0.03)</u>	<u>(0.09)</u>

Consolidated statement of financial position at 31 December 2009

	Note	2009 \$'000	2008 \$'000
Assets			
Non-current assets			
Intangible assets	9	4,045	4,086
Property, plant and equipment		688	708
Trade receivables	10	949	1,260
Total non-current assets		<u>5,682</u>	<u>6,054</u>
Current assets			
Inventories		1,599	2,499
Trade and other receivables	10	13,576	6,790
Investments		3,729	-
Cash and cash equivalents		12,171	7,252
Total current assets		<u>31,075</u>	<u>16,541</u>
Total assets		<u>36,757</u>	<u>22,595</u>
Liabilities			
Current liabilities			
Trade and other payables	11	4,493	5,347
Borrowings		62	218
Provisions		278	431
Total current liabilities		<u>4,833</u>	<u>5,996</u>
Non-current liabilities			
Borrowings		59	103
Provisions		117	70
Total non-current liabilities		<u>176</u>	<u>173</u>
Total liabilities		<u>5,009</u>	<u>6,169</u>
Total net assets		<u>31,748</u>	<u>16,426</u>
Capital and reserves attributable to owners of the Company			
Share capital		940	821
Share premium		49,934	34,102
Reverse acquisition reserve		10,548	10,548
Share-based payment reserve		1,842	1,220
Foreign exchange reserve		(441)	(536)
Retained earnings		(31,229)	(29,898)
		<u>31,594</u>	<u>16,257</u>
Non-controlling interests		<u>154</u>	<u>169</u>
Total equity		<u>31,748</u>	<u>16,426</u>

Consolidated statement of changes in equity at 31 December 2009

	Share capital \$'000	Share premium \$'000	Reverse acquisition reserve \$'000	Share- based payment reserve \$'000	Foreign exchange reserve \$'000	Retained earnings \$'000	Total \$'000	Non- controlling interests \$'000	Total equity \$'000
Balance at 1 January 2008	809	33,451	11,016	580	121	(25,679)	20,298	231	20,529
Total comprehensive income	-	-	-	-	(657)	(4,219)	(4,876)	(62)	(4,938)
Shares issued	10	579	-	-	-	-	589	-	589
Repurchase of minority interest's shares by subsidiary	-	-	(468)	-	-	-	(468)	-	(468)
Share-based payments	-	-	-	640	-	-	640	-	640
Options exercised	2	72	-	-	-	-	74	-	74
Balance at 31 December 2008	821	34,102	10,548	1,220	(536)	(29,898)	16,257	169	16,426
Total comprehensive income	-	-	-	-	95	(1,331)	(1,236)	(15)	(1,251)
Shares issued	108	16,018	-	-	-	-	16,126	-	16,126
Share-based payments	-	-	-	622	-	-	622	-	622
Options and warrants exercised	11	510	-	-	-	-	521	-	521
Placement costs	-	(696)	-	-	-	-	(696)	-	(696)
Balance at 31 December 2009	940	49,934	10,548	1,842	(441)	(31,229)	31,594	154	31,748

Consolidated statement of cash flows for the year ended 31 December 2009

	Note	2009 \$'000	2008 \$'000
Cash flows from operating activities			
Loss before tax		(1,261)	(4,219)
Adjustments for:			
Depreciation		222	215
Amortisation of intangibles	9	510	251
Finance revenue		(1,203)	(184)
Finance costs		58	306
Share-based payment expense		622	640
Loss on sale of property, plant and equipment		66	75
Income taxes paid		(85)	(62)
Increase in trade and other receivables		(6,244)	(1,504)
Decrease in inventories		954	304
(Decrease) / Increase in trade and other payables		(927)	1,754
Decrease in provisions		(106)	(472)
		<u>(7,394)</u>	<u>(2,896)</u>
Net cash flows used in operating activities			
Investing activities			
Purchase of property, plant and equipment		(268)	(97)
Expenditure on internally-developed intangible assets	9	(469)	(55)
Proceeds on sale of property, plant and equipment		-	27
Finance revenue		1,203	184
Purchase of investments		(7,499)	-
Sale of investments		3,770	559
		<u>(3,263)</u>	<u>618</u>
Net cash (used in)/provided by investing activities			
Financing activities			
Interest paid		(58)	(306)
Issue of ordinary share capital		15,441	591
Exercise of options and warrants		510	72
Repayment of borrowings		(200)	(162)
Repurchase of minority interest's shares by subsidiary		-	(468)
		<u>15,693</u>	<u>(273)</u>
Net cash provided by/(used in) financing activities			
Net increase/(decrease) in cash and cash equivalents			
		5,036	(2,551)
Effects of exchange rate changes on cash and cash equivalents			
		(117)	(451)
Cash and cash equivalents at beginning of period			
		<u>7,252</u>	<u>10,254</u>
Cash and cash equivalents at end of period			
		<u>12,171</u>	<u>7,252</u>

Notes forming part of the Group financial statements for the year ended 31 December 2009

1. Annual Report

The financial information set out in this document does not constitute the company's statutory accounts for 2008 or 2009. Statutory accounts for the years ended 31 December 2009 and 31 December 2008 have been reported on by the Independent Auditors. The Independent Auditors' Report on the Annual Report and Financial Statements for 2008 was unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement under 237(2) or 237(3) of the Companies Act 1985. The Independent Auditor's Report on the Annual Report and Financial Statements for 2009 was unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement under 498(2) or 498(3) of the Companies Act 2006.

Statutory accounts for the year ended 31 December 2008 have been filed with the Registrar of Companies. The statutory accounts for the year ended 31 December 2009 will be delivered to the Registrar in due course and 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 presented in US dollars. The directors believe that it is appropriate to use US dollars as the presentational currency for reporting, since the majority of the Group's transactions are conducted in that currency.

Basis of preparation

The financial information in this document has been prepared in accordance with the recognition and measurement requirements of 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 but does not include all of the disclosures which would be required for full compliance with IFRSs

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.

Standards, amendments and interpretations to published standards effective in 2009 adopted by the Group

Amendments to IAS 1: Presentation of Financial Statements: A Revised Presentation:

As a result of the application of this amendment the Group has elected to present a single statement of comprehensive income; previously it presented an income statement and the statement of recognised income and expense. In addition, a statement of changes in equity is now presented as a primary statement where previously the information was included in a note. The Amendment does not change the recognition or measurement of transactions and balances in the financial statements.

Adoption of IFRS 8: Operating Segments:

The Group has adopted IFRS 8 as a mandatory requirement that requires the Group to adopt a 'management approach' in the identification of its operating segments and its reporting on their financial performance.

None of the other standards or amendments effective from periods beginning 1 January 2009 have a material impact on the financial information presented.

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 statement of financial position, 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 statement of comprehensive income from the date on which control is obtained.

Revenue

Revenue comprises 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 administrative expenses in the consolidated statement of comprehensive income. 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 administrative expenses in the consolidated statement of comprehensive income.

Intangible assets are recognised on business combinations if they are separable from the acquired entity or give rise to contractual or other legal rights.

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 statement of comprehensive income.

Development expenditure not satisfying the above criteria and expenditure on the research phase of internal projects are recognised in profit and loss.

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 statement of comprehensive income. 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 recognised in profit or loss.

On consolidation, the results of operations that have a functional currency other than US dollars are translated into US dollars at rates approximating to those ruling when the transactions took place. Statements of financial position are translated at the rate ruling at the end of the financial period. Exchange differences arising on translating the opening net assets at opening rate and the results of operations that have a functional currency other than US dollars at average rate are included within "other comprehensive income" in the consolidated statement of comprehensive income and taken to the foreign exchange reserve within capital and reserves.

Financial instruments

Trade receivables collectible within one year from date of invoicing are recognised at invoice value less provision for amounts the collectibility 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.

Investments comprise short-term investments in notes and bonds having investment grade ratings. These assets are actively managed and evaluated by key management personnel on a fair value basis in accordance with a documented investment strategy. They are carried at fair value as determined by quoted prices on active markets, with changes in fair values recognised through profit and loss.

Cash and cash equivalents comprise cash on hand, 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.

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 profit or loss 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 be adjusted for the effect of non-market-based vesting conditions.

Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding lease commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is recognised in profit or loss.

Lease payments are analysed between capital and interest components. The interest element of the payment is charged to income over the period of the lease and is calculated so that it represents a constant proportion of the balances of capital repayments outstanding. The capital element reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to income on a straight-line basis over the lease term.

Property, plant and equipment

Items of property, plant and equipment are initially recognised at cost. Cost includes the purchase price and costs directly attributable to bringing the asset into operation. Depreciation is provided to write off the cost, less estimated residual values, of all property, plant and equipment over their expected useful lives. It is calculated at the following rates:

Leasehold improvements	-	over the lesser of the asset's useful life or the length of the lease
Production machinery	-	10 - 20% per annum
Office equipment	-	20 - 33% per annum
Vehicles	-	20% per annum

Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase and all other costs of conversion.

Deferred tax

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the balance sheet differs from its tax base, except for differences on:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit; and
- investments in subsidiaries and jointly controlled entities where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the end of the financial period and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered).

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and when they relate to income taxes levied by the same tax authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Provisions

Provisions are recognised for liabilities of uncertain timing or amount that have arisen as a result of past transactions and are discounted at a pre-tax rate reflecting current market assessments of the time value of money and the risks specific to the liability.

3. Revenue

	2009	2008
	\$'000	\$'000
Revenue arises from:		
Sale of goods	17,662	17,960
Service contracts and fee income	5,552	1,891
	23,214	19,851

4. Operating loss

	2009	2008
	\$'000	\$'000
Operating loss is arrived at after charging:		
Share-based payment expense	622	640
Depreciation	222	215
Amortisation	510	251
Operating lease expense	520	535
Loss on disposal of property, plant and equipment	66	75
Auditor's remuneration:		
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	78	78
Fees payable to the Company's auditor and its associates for other services:		
Audit of the Company's subsidiaries	94	113
Tax services	12	19
Total fees for other services	106	132
Total auditor's remuneration	184	210

5. Finance income and expense

	2009	2008
	\$'000	\$'000
<i>Finance income</i>		
Interest on deposits and investments	249	184
Exchange rate gains	954	-
	<u>1,203</u>	<u>184</u>
<i>Finance expense</i>		
Finance leases	17	25
Revolving credit agreement	-	39
Notes payable	12	21
Unwinding of discount on provisions	29	63
	<u>58</u>	<u>148</u>
Total interest expense	58	148
Exchange rate losses	-	158
	<u>58</u>	<u>306</u>

6. Tax expense

The tax expense is comprised of corporation tax and income tax on profits and was \$85,000 (2008: \$62,000).

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:

	2009	2008
	\$000	\$000
Loss before tax	<u>(1,261)</u>	<u>(4,219)</u>
Expected tax credit based on the standard rate of corporation tax in the UK of 28% (2008: 28.5%)	(353)	(1,203)
Disallowable expenses/(income)	63	(61)
Utilisation of previously-unrecognised tax losses	(327)	(49)
Financial statement share-based payment expense	177	182
Tax returns share-based payment expense	(184)	(214)
Losses in year not relieved against current tax	461	960
Amortisation of intangibles	(6)	(2)
Other temporary differences	254	450
Different tax rates applied in overseas jurisdictions	-	(1)
	<u>85</u>	<u>62</u>

At 31 December 2009, the Group had a potential deferred tax asset of \$13,707,000 which includes tax losses available to carry forward of \$11,917,000 (being actual losses of \$42,562,000 at a blended global tax rate of 28%) arising from historic losses incurred, anticipated tax relief on share-based payments of \$1,630,000 and other timing differences of \$160,000.

7. 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 \$1,331,000 (2008: loss of \$4,219,000) and the weighted average number of shares in issue during the periods of 49,731,214 (2008: 44,748,407). Equity instruments of 3,613,749 (2008: 3,865,202), which includes share options, warrants and share awards that could potentially dilute basic earnings per share in the future have been considered but not included in the calculation of diluted earnings per share because they are anti-dilutive for the periods presented.

8. Segment information

The Group views, manages, and operates its business according to geographical segments. This allows for a focused approach regarding local regulations and the requirements of the customer base for each segment. Revenue is generated from the sale of agricultural products across all geographic segments. Horticulture and turf and fee and service income is only generated in the USA segment.

2009

	<i>USA</i>	<i>Mexico</i>	<i>Europe</i>	<i>Elimination</i>	<i>Total</i>
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
Revenue					
External sales	16,848	2,640	3,726	-	23,214
Inter-segment sales	1,074	-	-	(1,074)	-
Total revenue	<u>17,922</u>	<u>2,640</u>	<u>3,726</u>	<u>(1,074)</u>	<u>23,214</u>
Segment operating (loss)/profit	<u>1,083</u>	<u>(132)</u>	<u>(234)</u>	<u>103</u>	<u>820</u>
Unallocated corporate expenses*					<u>(3,226)</u>
Operating loss					<u>(2,406)</u>
Finance income					1,203
Finance expense					(58)
Tax expense					<u>(85)</u>
Loss for the year					<u><u>(1,346)</u></u>

* These expenses relate to public company expenses such as director fees, legal fees, share-based payment expense and other corporate expenses. Any expenses, such as depreciation, specifically attributable to a segment are included in the segment operating (loss)/profit.

Other segment information:

	USA \$'000	Mexico \$'000	Europe \$'000	Unallocated/ Eliminations* \$'000	Total \$'000
Segment assets	30,050	1,428	5,279	-	36,757
Segment liabilities	3,367	400	1,242	-	5,009
Capital expenditure	176	28	64	-	268
Non-cash expenses:					
Depreciation	134	42	46	-	222
Amortisation	494	3	13	-	510
Share-based payment	263	34	21	304	622

* These amounts represent intercompany amounts and public company expenses for which there is no reasonable basis by which to allocate the amounts across the Group's segments.

2008

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

* These expenses relate to public company expenses such as director fees, legal fees, share-based payment expense and other corporate expenses.

Other segment information:

	USA \$'000	Mexico \$'000	Europe \$'000	Unallocated/ Eliminations * \$'000	Total \$'000
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
Non-cash expenses:					
Depreciation	150	17	26	22	215
Amortisation	251	-	-	-	251
Share-based payment	122	32	22	464	640

* These amounts represent intercompany amounts and public company expenses for which there is no reasonable basis by which to allocate the amounts across the Group's segments.

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 payable, borrowings and trade payables and accrued expenses.

9. Intangible assets

	Goodwill \$'000	Licenses and registrations \$'000	Developed technology \$'000	Trade name and customer relationships \$'000	Total \$'000
Cost					
Balance at 1 January 2008	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
Additions – internally developed	-	469	-	-	469
Balance at 31 December 2009	1,620	3,108	198	159	5,085
Accumulated amortisation					
Balance at 1 January 2008	-	254	12	13	279
Amortisation charge for the year	-	228	12	11	251
Balance at 31 December 2008	-	482	24	24	530
Amortisation charge for the year	-	497	9	4	510
Balance at 31 December 2009	-	979	33	28	1,040
Net book value					
At 31 December 2008	1,620	2,157	174	135	4,086
At 31 December 2009	1,620	2,129	165	131	4,045

Goodwill has been tested for impairment using discounted budgeted cash flows, using a pre-tax discount rate of 15% and performance projections over five years with residual growth assumed at 2% and has been determined not to be impaired at 31 December 2009. The entire value of the goodwill has been allocated to the Group's USA segment.

10. Trade and other receivables

	2009	2008
	\$'000	\$'000
<i>Current:</i>		
Trade receivables	14,493	6,891
Less: provision for impairment	(1,578)	(446)
Trade receivables, net	12,915	6,445
Other receivables and prepayments	661	345
Current trade and other receivables	13,576	6,790
<i>Non-current:</i>		
Trade receivables	949	1,619
Less: provision for impairment	-	(359)
Non-current trade and other receivables	949	1,260
	14,525	8,050

The trade receivable current balance represents trade receivables with a due date for collection within a one year period. The trade receivable non-current 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:

	2009	2008
	\$'000	\$'000
Balance at the beginning of the year	805	775
Provided	799	306
Receivables written off as uncollectible	(26)	(282)
Unused amounts reversed	-	6
Balance at the end of the year	1,578	805

The gross value of trade receivables for which a provision for impairment has been made is \$4,314,000 (2008: \$1,620,000).

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 non-current, identifying the totals of trade and other receivables which are not yet due and those which are past due but not impaired.

	2009	<i>2008</i>
	\$'000	<i>\$'000</i>
Current	13,424	7,350
Past due:		
Up to 30 days	279	313
31 to 60 days	348	57
61 to 90 days	-	92
Greater than 90 days	474	238
Total	14,525	8,050

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

	2009	<i>2008</i>
	\$'000	<i>\$'000</i>
Trade payables	1,368	1,792
Accruals	2,428	2,770
Deferred income	526	571
Taxation and social security	171	214
	4,493	5,347

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.