PLANT HEALTH CARE plc

INTERIM REPORT

for the six months ended 30 June 2011

PLANT HEALTH CARE plc

Contents

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Myconate and *Harpin* are trademarks or trade names which Plant Health Care owns or which others own and license to Plant Health Care for use.

Chairman's statement

Introduction

I am pleased to report Plant Health Care's results for the six months ended 30 June 2011. The period under review has seen important progress in the three key elements of our corporate strategy: developing technology partnerships, direct sales of Harpin and Myconate, and product development. Additionally, in January, we completed the sale of our US retail and landscape business, a non-core business unit, realising proceeds of $4.65 million and a gain on disposal of $2.1 million. This transaction has allowed us to add resources to and sharpen our focus on our core business with the goal of becoming a leading global provider of natural technologies for the promotion of plant health and growth.

The level of interest from global agrichemical, seed distribution and fertiliser companies in Plant Health Care's products continued to grow during the first half of 2011 and long-running talks with a number of these large industrial players have now reached an advanced stage. Further details of these are provided below. Agreements signed over the past 12 months, particularly with INCOTEC Group BV ("INCOTEC") post the period end, are beginning to demonstrate the benefits of adopting a technology partnering strategy with companies that have the necessary degree of market penetration and the distribution channels to launch Plant Health Care products across global markets.

Product sales were up 23%, compared with the first six months of 2010, largely as a consequence of increased global demand for Harpin, with particular success in Europe, South Africa and Mexico.

We are particularly pleased with the progress for our next generation of Harpin. We have identified several proteins which are strong candidates for both corn and soybeans and will be moving into initial field trials within the next nine months. At the end of these trials, we will choose a final candidate for commercialisation and then begin the US registration process, which should take approximately 12 to 18 months. I am happy to report that this important project is on track and the number of potential candidates has exceeded our expectations.

Our cash position remains strong, with cash and short-term liquid investments of $16.8 million as we enter the second half of 2011 (30 June 2010: $13.5 million).

Finally, I have taken the opportunity in this statement not only to report on the performance of Plant Health Care during the period, but also on the business strategy and how we intend to maximise our opportunities.

Chairman's statement *continued*

Summary of financial results

Financial highlights for the six months ended 30 June 2011, with comparatives for the six months ended 30 June 2010, are set out below:

	2011	*2010*
	$'000	*$'000*
Revenue	**3,517**	2,869
Gross profit	**1,842**	1,483
Operating loss from continuing operations	**(3,740)**	(4,551)
Gain on disposal of discontinued operations	**2,110**	—
Loss on discontinued operations	**(185)**	(167)
Finance income, net	**74**	36
Net loss for period	**(1,741)**	(4,682)
Cash and investments at end of period	**16,780**	13,526

The increase in revenues of 23% was due to increased direct product sales, particularly for Harpin-based products outside the United States, primarily in Mexico, Europe and South Africa. In addition, the discontinuation of the "early order" programmes in Europe and Mexico at the end of 2010 has resulted in increased revenues in the current year at improved margins.

Gross profit margin from continuing operations was 52.4% (2010: 51.7%).

Operating expenses from continuing operations reduced to $5.6 million (2010: $6.0 million), primarily due to reductions in headcount and related corporate expenses. Product development investment continued to increase in the areas of third generation Harpin products, formulation enhancements and greenhouse and field trials. The resulting operating loss from continuing operations was $3.7 million (2010: loss of $4.6 million).

The sale of the Group's US retail and landscape business in January 2011 resulted in a gain of $2.1 million and an overall net loss for the first half of 2011 of $1.7 million (2010: loss of $4.7 million).

The $4.65 million proceeds from the sale of the US retail and landscape business contributed to our strong cash and short-term liquid investment balance of $16.8 million at 30 June 2011.

Strategy

As I stated at this time last year, our strategy is to develop and supply naturally-derived technologies to worldwide agricultural markets, for commercial exploitation through partnerships with major industry players who have the ability to maximise the global penetration of our products.

There are three key aspects to this strategy:

The first is our technology partnering programme. We believe that partnering with multinational and major national companies is the best way to access the full range of

Chairman's statement *continued*

opportunities available in the worldwide agriculture market. Our partners have established distribution channels and the ability to provide us with the fastest and most efficient route to market.

Secondly, we are seeking to grow direct sales of Harpin and Myconate and other high margin related products. Our direct product sales of Harpin and Myconate have grown each year as they have become increasingly accepted in niche markets (targeted product applications in specific geographical regions). Typically, once a foothold is established in such niche markets, we gain market share and penetration elsewhere from recognition of the products' effectiveness and cost efficiency. This is what we have been experiencing and has led to our revenue growth in 2011.

The third aspect to our strategy is the development of our next generation technology pipeline for Harpins to generate higher efficacy and wider applicability of our technologies. The first half of 2011 saw increased investment and intense scientific efforts to achieve results which we believe will keep Plant Health Care at the forefront of sustainable global crop protection.

The Board's confidence in this strategy is underpinned by the success of trial results for Harpin and Myconate, both as stand-alone products and as components with other traditional crop protection goods.

Technology partnering

Harpin platform

We entered into an exclusive long-term agreement with Monsanto in 2008 for the commercialisation of Harpin seed treatment technology in corn, soybeans, cotton and canola, and selected vegetables. The build-up of excess inventory at Monsanto in 2010 has now been reduced; Direct Enterprises Inc., a leading provider to the seed treatment industry, has made good progress in moving the Harpin inventory into the field. We are hopeful that the 2012 crop season will see increased demand for Harpin in combination with Monsanto seeds.

We continue to work with Monsanto on the development of a liquid Harpin formulation and are pleased with the progress we are making on this front. We have made significant breakthroughs in the liquid product development and are encouraged that this will lead to a commercial product for the 2013 season.

Plant Health Care currently has two agreements in place with Syngenta. The first gives non-exclusive rights to commercialise Harpin in combination with glyphosate and other herbicides for genetically modified herbicide resistant crops. We are moving into the second year of testing and development under this agreement and field trials are due to be held during the second half of the year in South America.

The second agreement concerns the evaluation and development of Harpin in a wide variety of crops and in combination with some of Syngenta's leading products. We are moving forward with this programme in several key crops. The first full year of this testing

Chairman's statement *continued*

programme is currently underway with results of the trials due to be available to both parties in the first quarter of 2012.

Plant Health Care entered into a 10-year agreement with Germains Seed Technology in September 2010 to develop and market Harpin proteins as a seed treatment for sugar beets worldwide in combination with Germains' seed priming technologies. Following a successful first year, we are now moving into phase two of this development programme.

We are in the second year of testing with Legacy Seeds in their alfalfa programme and will be receiving results of those trials in the fourth quarter of this year.

In 2010, US foliar corn fungicides were applied to approximately 11.7 million acres at a grower cost of approximately $135 million. We believe that Harpin, in combination with the generic fungicide propiconazole, offers a means of providing improved plant health, disease control and higher yields. A trial programme is underway to establish commercial viability and farm tests are being carried out to compare this combination product with one of the leading proprietary products at 24 locations in Iowa.

Myconate

As was announced on 27 July 2011, the Company entered into an agreement with INCOTEC of the Netherlands, one of the world's largest and most respected specialist seed treatment companies, to jointly develop a Myconate seed treatment product for use in conjunction with their existing seed treatments. Together, we are currently collaborating with one of the largest vegetable growing companies in the US for a novel Myconate-treated seed. Trials are currently in the field with this new product.

Our Brazilian programme is progressing well and we have expanded our programme to encompass the very important Brazilian sugar cane market. We have had excellent results on this crop with Myconate in the US and are seeing similar success in our early work in Brazil.

Myconate can also be applied successfully in combination with ground-applied fertilisers and through crop irrigation systems. We are actively developing both of these sectors and are building relationships with several potential partners. Trials are already underway in South America with potential partners.

Overall, we have made very encouraging progress with our Myconate programme during this year and remain confident of its benefits as both a stand-alone and "in combination" seed treatment.

Other developments

In October 2010, Plant Health Care announced that it had licensed rights for its Computer Automated Spatial Analysis (CASA) technology to a US company, XS Inc. The CASA technology enables accurate verification of field trial data from multiple areas in the same field and is capable of factoring in variable conditions, such as soil type, drainage and elevation.

Chairman's statement *continued*

The product will undergo a preliminary launch with selected companies in October this year. CASA's ability to assess the impact of crop-related applications on a small area within a field enables farmers to manage their crops with greater precision, thereby achieving higher yields, lower costs and increased profitability.

Pipeline

The pipeline of partnering opportunities with major agrichemical and seed companies in the US, Europe, Africa and Asia continues to develop. We are in discussions with an expanding number of potential partners and, currently, testing is being carried out on over 50 product-application opportunities involving 60 different crops across all these regions.

These discussions cover both Harpin and Myconate as stand-alone products and in combination with fertilisers, herbicides, pesticides and fungicides on crops that include sugar cane, corn, cotton, soybeans, vegetables and fruit.

Direct sales

Direct sales of Harpin and Myconate are strategically important to us because they increase global awareness of our key technologies and their benefits to plant health and the environment. For example, we had virtually no sales of Harpin in Mexico three years ago, but one of Mexico's largest vegetable growers recently incorporated the product into their treatment programme for 2011.

Our successful demonstration of the benefits of Harpin on cherries in the UK has led to sales in Australia and discussions in the US. The use of Myconate and Harpin on potatoes in South Africa has also enabled strategic discussions in a number of other important potato markets.

Product development

We continue to make significant investment in the development of the next generation of products from the Harpin technology platform. A number of promising Harpins have been identified and are currently undergoing initial greenhouse testing. It is expected that this process will lead to the creation of Harpin products that have higher activity levels, can be used on more crops through different application methods and elicit greater disease resistance in the treated plants.

The investment in improving the product portfolio has led to a number of important developments, the most recent of which is the decision by the United States Environmental Protection Agency (EPA) to remove the requirement for use of a colouring agent or dye when seeds are commercially treated with Harpin. As a result, seeds treated with Harpin alone may be returned to the food chain if not planted.

Chairman's statement *continued*

Outlook

The increasing demands placed on agricultural land to provide sufficient food for a growing world population are key drivers generating the current high level of interest in partnering opportunities for Plant Health Care. This interest is coming from a wide range of industry participants in many parts of the world who are seeking to increase crop yields in a cost efficient and environmentally-friendly manner.

Plant Health Care's technology portfolio is contributing to meeting those needs currently, and our product development investments are aimed squarely at further increasing crop yields and plant health while avoiding any negative impact on the environment in the future.

We remain optimistic about the future and the role Plant Health Care can play in meeting the ever-increasing demands on agriculture from rising global populations and standards of living. We believe that margins during the remainder of 2011 will be maintained at the level now being achieved and, with continued growth in product sales and the benefit of cost savings already implemented, are confident of meeting market expectations for the full year.

I would like to thank our team who have combined high energy and strong commercial acumen with an underlying sense of environmental responsibility to drive the business forward and increase the likelihood of making a success of our transformative product suite.

Dr. Dominik Koechlin
Chairman

12 August 2011

Unaudited consolidated statement of comprehensive income

FOR THE SIX MONTHS ENDED 30 JUNE 2011

	Note	***Six months to 30 June 2011 $'000***	*Six months to 30 June 2010 As restated $'000*	*Year ended 31 December 2010 $'000*
Revenue		**3,517**	2,869	7,085
Cost of sales		**(1,675)**	(1,386)	(3,496)
Gross profit		**1,842**	1,483	3,589
Administrative expenses		**(5,582)**	(6,034)	(11,464)
Operating loss	3	**(3,740)**	(4,551)	(7,875)
Finance income		**79**	151	239
Finance expense		**(5)**	(115)	(13)
Loss before tax		**(3,666)**	(4,515)	(7,649)
Income tax expense		**—**	—	(40)
Net loss from continuing operations		**(3,666)**	(4,515)	(7,689)
Profit/(loss) of discontinued operations, net of tax	6	**1,925**	(167)	136
Loss for the period		**(1,741)**	(4,682)	(7,553)
Other comprehensive income/(loss):				
Exchange difference on translation of foreign operations		**190**	(275)	(152)
Total comprehensive loss for the period		**(1,551)**	(4,957)	(7,705)
Net loss attributable to:				
Owners of the parent		**(1,755)**	(4,672)	(7,559)
Non-controlling interest		**14**	(10)	6
		(1,741)	(4,682)	(7,553)
Total comprehensive loss attributable to:				
Owners of the parent		**(1,565)**	(4,947)	(7,711)
Non-controlling interest		**14**	(10)	6
		(1,551)	(4,957)	(7,705)
Basic and diluted loss per share	2	**$(0.03)**	$(0.09)	$(0.14)
Basic and diluted loss per share from continuing operations	2	**$(0.07)**	$(0.09)	$(0.15)

Unaudited consolidated statement of financial position

AT 30 JUNE 2011

	Note	***30 June 2011 $'000***	*30 June 2010 $'000*	*31 December 2010 $'000*
Assets				
Non-current assets				
Intangible assets		**3,620**	4,019	3,564
Property, plant and equipment		**382**	584	476
Trade receivables		**75**	431	123
Amount held in escrow	6(a)	**300**	—	—
Total non-current assets		**4,377**	5,034	4,163
Current assets				
Inventories		**1,868**	1,676	1,675
Trade and other receivables		**3,394**	11,644	7,581
Amount held in escrow	6(a)	**100**	—	—
Investments		**4,972**	4,867	4,982
Cash and cash equivalents		**11,808**	8,659	8,054
Total current assets		**22,142**	26,846	22,292
Assets in disposal groups classified as held for sale		**—**	—	1,949
Total assets		**26,519**	31,880	28,404
Liabilities				
Current liabilities				
Trade and other payables		**2,626**	4,224	2,615
Borrowings		**14**	13	42
Provisions		**165**	210	166
Total current liabilities		**2,805**	4,447	2,823
Non-current liabilities				
Borrowings		**3**	50	10
Provisions		**141**	141	141
Total non-current liabilities		**144**	191	151
Liabilities directly associated with assets in disposal groups classified as held for sale		**—**	—	560
Total liabilities		**2,949**	4,638	3,534
Total net assets		**23,570**	27,242	24,870
Capital and reserves attributable to owners of the Company				
Share capital		**946**	942	944
Share premium		**50,362**	50,096	50,270
Reverse acquisition reserve		**10,548**	10,548	10,548
Share-based payment reserve		**2,486**	2,130	2,329
Foreign exchange reserve		**(403)**	(716)	(593)
Retained earnings		**(40,543)**	(35,901)	(38,788)
	4	**23,396**	27,099	24,710
Non-controlling interests		**174**	143	160
Total equity		**23,570**	27,242	24,870

Unaudited consolidated statement of cash flows

FOR THE SIX MONTHS ENDED 30 JUNE 2011

	Six months to 30 June 2011 $'000	*Six months to 30 June 2010 $'000*	*Year ended 31 December 2010 $'000*
Net cash flows used in operating activities	**(581)**	(2,130)	(3,328)
Investing activities			
Purchase of property, plant and equipment	**(4)**	(59)	(143)
Proceeds on sale of property, plant and equipment	**—**	72	—
Expenditure on externally-acquired intangible assets	**(177)**	(162)	(175)
Disposal of discontinued operations, net of cash	**4,330**	—	223
Purchase of investments	**(1,675)**	(2,033)	(5,291)
Sale of investments	**1,685**	905	4,038
Finance income	**79**	151	239
Net cash provided by/(used in) investing activities	**4,238**	(1,126)	(1,109)
Financing activities			
Interest paid	**(5)**	(115)	(13)
Issuing of ordinary share capital	**71**	—	160
Exercise of options	**23**	82	180
Repayment of borrowings	**(35)**	(19)	(69)
Repurchase of non-controlling interest shares by subsidiary	**—**	(11)	—
Net cash provided by/(used in) financing activities	**54**	(63)	258
Effects of exchange rate changes on cash and cash equivalents	**43**	(193)	62
Net increase/(decrease) in cash	**3,754**	(3,512)	(4,117)
Cash and cash equivalents at beginning of period	**8,054**	12,171	12,171
Cash and cash equivalents at end of period	**11,808**	8,659	8,054

Notes to the unaudited financial information

1 Accounting policies

Basis of preparation

The financial information in these interim results is that of the holding company and all of its subsidiaries (the Group). It has been prepared in accordance with the recognition and measurement requirements of International Financial Reporting Standards (IFRSs) as adopted for use in the EU. The accounting policies applied by the Group in this financial information are the same as those applied by the Group in its financial statements for the year ended 31 December 2010 and which will form the basis of the 2011 financial statements, except as described below.

A number of new and amended standards have become effective since the beginning of the previous financial year. The principal changes that are relevant to the Group are:

- IFRS Improvements – These improvements include clarification that the disclosure requirements of other IFRSs do not generally apply to non-current assets (or disposal groups) classified as held for sale; total assets for each reportable segment need only be disclosed when such information is regularly provided to the chief operating decision maker and that only expenditures which result in a recognised asset can be classified as a cash flow from investing activities. These improvements have no effect on the reported results or previous financial position of the Group.

None of the other new standards and amendments are expected to materially affect the Group.

The comparative financial information presented herein for the year ended 31 December 2010 does not constitute full statutory accounts for that period. The Group's annual report for the year ended 31 December 2010 has been delivered to the Registrar of Companies. The Group's independent auditor's report on those accounts was unqualified, did not include references to any matters to which the auditor drew attention by way of emphasis without qualifying their report and did not contain a statement under section 498(2) or 498(3) of the Companies Act 2006. The financial information for the half years ended 30 June 2011 and 30 June 2010 is unaudited.

2 Loss per share

Basic loss per ordinary share has been calculated on the basis of the loss for the period of $1,741,000 (loss for the six months ended 30 June 2010: $4,682,000, and loss for the year ended 31 December 2010: $7,553,000) and the weighted average number of shares in issue during the period of 52,953,652 (six months ended 30 June 2010: 52,739,753, and year ended 31 December 2010: 52,800,972). Basic loss per share from continuing operations has been calculated with a numerator of $3,666,000 (loss for the six months ended 30 June 2010: $4,515,000, and for the year ended 31 December 2010: $7,689,000). The weighted average number of shares used in the above calculation is the same as for total basic loss per ordinary share. Instruments 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. This is due to the Group incurring losses on continuing operations for the period.

Notes to the unaudited financial information *continued*

3 Operating loss

	Six months to 30 June 2011 $'000	*Six months to 30 June 2010 $'000*	*Year ended 31 December 2010 $'000*
Operating loss is stated after charging:			
Depreciation	**90**	91	212
Amortisation	**121**	188	244
Share-based payment expense	**212**	288	487

4 Changes in equity

	Six months to 30 June 2011 $'000	*Six months to 30 June 2010 $'000*	*Year ended 31 December 2010 $'000*
Net loss attributable to owners of the parent	**(1,755)**	(4,672)	(7,559)
Exercise of options	**23**	82	180
Share-based payments	**157**	288	487
Shares issued or exchanged	**71**	82	160
Exchange difference on translation of foreign operations	**190**	(275)	(152)
	(1,314)	(4,495)	(6,884)
Capital and reserves attributable to owners of the Company at beginning of period	**24,710**	31,594	31,594
Capital and reserves attributable to owners of the Company at end of period	**23,396**	27,099	24,710

5 Investments

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.

Notes to the unaudited financial information *continued*

6 Discontinued operations

In January 2011, the Group sold the trade and certain assets and liabilities of its US landscape and retail business, which represents the only operation presented as discontinued operations for the six months ended 30 June 2011. In May 2010, the Group sold the trade, assets and liabilities relating to its subsidiary, PHC Reclamation, Inc.
The results of these businesses for the six months ended 30 June 2010 and year ended 31 December 2010 are shown under "Profit/(Loss) of discontinued operations, net of tax" in the consolidated statement of comprehensive income. In accordance with IFRS 5, the consolidated statement of comprehensive income comparatives for the six months ended 30 June 2010 are restated to reflect the same treatment of the US landscape and retail business results.

(a) US landscape and retail: profit on disposal

The post-tax profit on disposal of discontinued operations was determined as follows:

	Six months to 30 June 2011 $'000
Cash received	**4,250**
Deferred consideration receivable (held in escrow)	**400**
	4,650
Net assets disposed of (other than cash):	
Property, plant and equipment	**(64)**
Trade and other receivables	**(1,135)**
Inventory	**(555)**
Intangible assets	**(140)**
Trade and other payables	**563**
	(1,331)
Reorganisation expenses	**(1,209)**
Profit on disposal of discontinued operations	**2,110**

Notes to the unaudited financial information *continued*

6 Discontinued operations *continued*

(b) PHC Reclamation: profit on disposal

In May 2010, the Group sold the trade and those assets and liabilities relating to its subsidiary, PHC Reclamation, Inc., for cash consideration of $225,000.

The post-tax loss on disposal of discontinued operations was determined as follows:

	2010 $'000
Cash received	225
Deferred consideration receivable	160
	385
Cash disposed of	(82)
Net assets disposed of (other than cash):	
Property, plant and equipment	(79)
Trade and other receivables	(292)
Trade and other payables and other financial liabilities	68
Profit on disposal of discontinued operations	—

(c) The profit/(loss) of both discontinued operations, net of tax, was determined as follows:

	Reclamation $'000	*Landscape/ retail business $'000*	*Total $'000*
Six months to 30 June 2011			
Revenue	—	24	24
Expense other than finance costs	—	(209)	(209)
Finance costs	—	—	—
Tax expense	—	—	—
Gain on disposal of discontinued operations	—	2,110	2,110
	—	1,925	1,925

Notes to the unaudited financial information *continued*

6 Discontinued operations *continued*

	Reclamation $'000	*Landscape/ retail business $'000*	*Total $'000*
Six months to 30 June 2010			
Revenue	414	2,772	3,186
Expense other than finance costs	(420)	(2,932)	(3,352)
Finance costs	(1)	—	(1)
Tax expense	—	—	—
Gain on disposal of discontinued operations	—	—	—
	(7)	(160)	(167)
Year ended 31 December 2010			
Revenue	414	5,637	6,051
Expense other than finance costs	(420)	(5,494)	(5,914)
Finance costs	(1)	—	(1)
Tax expense	—	—	—
Gain on disposal of discontinued operations	—	—	—
	(7)	143	136

(d) Cash flows on discontinued operations

Cash flows attributable to operating, investing and financing activities of the above discontinued operations equal:

	Six months to 30 June 2011 $'000	*Six months to 30 June 2010 $'000*	*Year ended 31 December 2010 $'000*
Operating inflows	**98**	71	71
Investing inflows	**—**	72	72
Financing inflows	**—**	—	—

Copies of this report and all other announcements made by Plant Health Care plc are available on the Company's website at **www.planthealthcare.com/investor**

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