

BIOGANIX PLC

15th MAY 2008
PRELIMINARY RESULTS

Bioganix plc ('Bioganix' or 'the Group'), the AIM listed waste management services group, today announces its unaudited preliminary results for the year ended 31st December 2007.

Highlights

- During the year the Group raised approximately £2.24 million after expenses from a placing of 1,659,311 new ordinary shares.
- The planning and lease arrangements for the new Sharpness plant were agreed and a substantial amount of construction work was completed. Since the year end, this plant has commenced processing waste material.
- Bioganix was made the preferred bidder for a 15 year contract with Buckinghamshire County Council to process 30,000 tonnes of organic waste per annum.
- The Directors successfully resolved a dispute with a major customer over contracted volumes of gate fee material for the Group's Parham Plant.
- Post year end, the Group formed a strategic alliance with Kompogas AG and Kuttner GmbH to be lead bidder on their Anaerobic Digestion projects in UK.
- Turnover of £2.06m (2006 - £1.60m)

Commenting on these results, Andrew Walker, Chairman, said: "2007 has been a year of significant progress for Bioganix, both in developing our in-vessel composting capacity and in developing complementary ways of handling organic wastes. Many of the fundamentals of our market place have changed, particularly driven by commodity prices, and this presents us with opportunities as well as challenges. 2008 has started very positively, in no small part due to the hard work and achievements of the team in 2007."

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CHAIRMAN'S STATEMENT

I am pleased to report on the Group's results for the year ended 31 December 2007.

FINANCIAL PERFORMANCE

Turnover for the 12 months ended 31 December 2007 was £2,056,039 compared with £1,600,626 for the 12 month period ended 31 December 2006. Not included in turnover are the receipts from the DEFRA New Technologies Demonstrator Programme and the amortisation of the capital grant received in respect of the Parham Plant which are included in other operating income.

Pre-tax losses for the year were £1,063,884 compared with a pre-tax loss of £65,782 for the year ending 31 December 2006. The loss for the year is stated after charging £24,035 (2006: £24,291) in respect of IFRS2 (Share Based Payments). As in the previous year, the Group has taken advantage of the research and development tax credit arrangements and, therefore, the loss after tax was £985,782 compared with a loss after tax in the previous year of £41,744. Total Equity at 31 December 2007 was £5,746,048 compared with Total Equity of £4,465,791 at the end of the previous year. During the year, the Group raised £2.24 million (net of expenses) from a placing of 1,659,311 new ordinary shares.

Cash out-flow from operations during the year amounted to £183,030 compared with a cash in-flow of £704,035 in the previous year. As at 31 December 2007, the Group had bank borrowings amounting to £286,848 and had asset related borrowings of £365,798.

ACTIVITIES

During the year the Group operated two plants at Wharton in Herefordshire and at Parham in Suffolk and also started to build a new plant at Sharpness in Gloucestershire. In addition to these activities the Group continued to seek long-term contractual opportunities to process organic waste streams.

The year on year growth in turnover reflects the increase in volumes being processed at the Parham Plant. As previously reported, the overall volumes processed in the Parham Plant during the year were significantly lower than originally anticipated due to a major Customer ("the Customer") delivering significantly less waste material to the Parham Plant during the year than had been contracted for. As a result of these shortfalls in delivery, Bioganix sought a remedy from the Customer through formal arbitration. As previously reported, agreement was reached with the Customer in April 2008 whereby the Customer agreed to a substantial settlement ("the Settlement") in Bioganix's favour with a value of approximately £1 million. Of this, only £70,000, approximately, has been reflected in the results for the year. The balance of the Settlement value will be recognised in Bioganix's future financial statements in respect of the periods up to September 2010.

The scale of the losses made in the year were primarily a function of the shortfall in delivery of material from the Customer as described above. The costs of the upgrade work to the Parham Plant in the early part of the year (as previously reported) also contributed to the overall loss for the year.

The Wharton Plant continued to be used to conduct research work for DEFRA under the NTDP programme during the year. The project has yielded some very useful engineering results that will be used to inform the design of future plants as well as acting as a demonstrator for the Bioganix process. The crop growing experiments undertaken, as part of the project, continue to demonstrate the relative agronomic value of Bioganix compost fertiliser compared with other organic and inorganic manures. Volumes at the Wharton Plant remained broadly similar to the prior year and were in-line with expectations.

The planning, design and build of the new Sharpness (Gloucestershire) plant absorbed a substantial proportion of the Group's resources during the year. The Waste Resources Action Programme (WRAP) awarded Bioganix a capital grant of £381,250 during the year towards the cost of the Sharpness facility. The designs of the major components within the Sharpness Plant have embodied the results of research work and practical experience gained from the existing plants at Wharton and Parham. As a result of these, the Directors anticipate a reduction in operating costs per tonne of waste processed compared with the Parham Plant.

During the year the Group continued to seek out new opportunities to build additional organic waste recycling plants. In particular the Group submitted a bid to Buckinghamshire County Council to process approximately 30,000 tonnes of green and kitchen waste per year for 15 years in a new plant to be built near Aylesbury. As previously reported, Bioganix were awarded preferred bidder status by Buckinghamshire County Council in January 2008.

The Board was strengthened during the year by the appointments of Oliver O'Toole as Operations Director (executive) and Professor Jeremy Tavaré as a non-executive director of the Company.

MARKET ASSESSMENT

In a rapidly evolving sector such as that represented by the processing of organic waste, there are challenges as well as opportunities. The collection, and therefore the availability for processing, of organic waste have been slower to develop than the environmental and regulatory frameworks might have indicated to be likely. However opportunities such as that presented by the Group's preferred bidder status with Buckinghamshire County Council continue to present themselves and Bioganix is currently pursuing a number of significant Local Authority contracts for long term waste streams.

In addition, the Group's recently announced strategic alliance relationship with Kompogas AG and Kuttner GmbH represents an exciting opportunity to be among the first to build anaerobic digestion ("AD") energy-producing capacity in the UK, using technology which is already in use in more than fifty plants worldwide, the majority being in Germany and Switzerland. Long term Government contracts for the receipt of waste, together with a proven processing system with process guarantees from Kompogas, and the potential to produce "green" electricity present new opportunities for the handling of organic waste.

The significant increases in the price of artificial fertilisers experienced by farmers during the year coupled with the rises in global cereal prices have led to even greater demand for Bioganix compost fertiliser compared with previous years. As a result, the average prices charged for product produced at both of the Group's plants have increased during the year. The compost produced by the Wharton Plant was submitted for approval under the PAS100 Accredited Compost Standard during the year and the Standard was awarded to Bioganix on April 22nd 2008. Some of the costs associated with compost sales continue to present challenges to the business; these include fuel costs and the not insignificant expense of complying with the regulatory framework imposed by the Environment Agency.

The increase in global cereal and pulse prices, and in particular those destined for animal feeds, has encouraged renewed interest in the recycling of certain organic wastes to produce animal feed material for the pig, poultry and fish farming sectors. Unfortunately this has resulted in some of the feather material previously processed by Bioganix no longer being available for composting at economic gate fees. This situation is expected to continue for the next few years although in the future consumer sentiment may lead to some degree of rejection of foods produced by feeding feathers to farm animals.

OUTLOOK

The Board are looking forward to a year of significant growth for Bioganix. During 2008 as a whole, Parham is expected to perform financially much better than in previous years as a result of increased volumes being processed and the terms of the Settlement with the Customer. Although the performance of the Parham Plant was adversely impacted during the early part of 2008 as a result of the dispute with the Customer, new sources of gate fee material have now been secured for the Parham Plant. During the course of the year Parham is expected to return to operating at capacity. The volume of material processed at the Sharpness plant, which has now started operating, will also increase during the year although full operating capacity is not expected to be achieved by the year end. No positive financial contribution is expected from Sharpness during 2008. In the later part of the year, the Wharton Plant will be progressively run down and some of the material currently being processed at Wharton will be transferred to Sharpness. Thus the contribution from the Wharton Plant will diminish during the year to nil by year end.

Planning for the proposed new plant near Aylesbury is now underway and, subject to planning permission being obtained, it is hoped that construction of the new plant will commence during 2009 on a leased site. The Board is currently reviewing its options for the financing of the proposed plant. Bioganix aims to include AD technology as part of its planning application in Aylesbury and would expect to be producing up to 10,000 MWh of electricity per year. The potential value of this electricity could add approximately £1.25m to the plant sales, in addition to the gate fees for receipt of waste material. Buckinghamshire County Council plan to start collecting green and kitchen waste from April 2009, and between then and when the new plant becomes operational Bioganix plan to process this material at the Sharpness Plant.

In summary, the Directors are pleased that despite some challenges the Group is making excellent progress in developing as a significant UK operator in the processing of organic waste, including some difficult types of waste which require special processing capability. The initiatives already identified for the coming year are consistent with further progress for Bioganix in a sector which continues to offer great commercial opportunity.

Mr A J Walker
Chairman

**CONSOLIDATED INCOME STATEMENT OF BIOGANIX PLC FOR THE YEAR
ENDED 31 DECEMBER 2007**

	Year to 31 December 2007 (unaudited)	Year to 31 December 2006 (audited and restated)
	£	£
GROUP REVENUE	2,056,039	1,600,626
Cost of sales	(1,591,179)	(1,013,399)
Gross profit	<u>464,860</u>	<u>587,227</u>
Distribution costs	(303,799)	(196,925)
Administrative expenses	(1,456,761)	(876,795)
Other operating income	238,516	426,200
Finance income	19,545	21,298
Finance expenses	(26,245)	(26,787)
(LOSS)/PROFIT BEFORE TAXATION	<u>(1,063,884)</u>	<u>(65,782)</u>
Corporation tax received	78,102	24,038
(LOSS)/PROFIT FOR THE FINANCIAL PERIOD	<u>(985,782)</u>	<u>(41,744)</u>
Basic loss per share	(14.88p)	(0.97p)

There were no recognised gains or losses other than the profit or loss for the above financial periods. None of the Group's activities were acquired or discontinued during the year to 31st December 2007.

**Consolidated Statement of Changes in Equity for the year ended 31st
December 2007**

	Year to 31 December 2007 (unaudited) £	Year to 31 December 2006 (audited and restated) £
Balance at start of period as originally stated under UK GAAP	4,467,992	(736,202)
Change of accounting policy to comply with IFRS	-	-
Restated balances at start of period	4,467,992	(736,202)
(Loss) / Profit for the period (2006: as restated)	(985,782)	(41,744)
Share options reserve	24,035	24,291
Issue of new shares	165,931	645,825
Premium on issue of new shares	2,073,872	4,573,621
Restated balances at end of period	5,746,048	4,465,791

**CONSOLIDATED BALANCE SHEET OF BIOGANIX PLC AS AT 31 DECEMBER
2007**

	31 December 2007 (unaudited)	31 December 2006 (audited and restated)
	£	£
ASSETS		
Non-current assets		
Property, plant and equipment	7,881,318	5,427,930
Intangible assets	35,757	71,515
Total non-current assets	7,917,075	5,499,445
CURRENT ASSETS		
Inventories	31,344	32,213
Debtors	763,189	373,759
Cash at bank	-	141,886
Total current assets	794,533	547,858
Total Assets	8,711,608	6,047,303
EQUITIES AND LIABILITIES		
Equity attributable to equity holders of the company		
Share capital	811,767	645,836
Merger reserves	4,308,335	4,308,335
Share Premium	7,039,163	4,965,290
Reverse Acquisition reserve	(4,700,004)	(4,700,004)
Other reserves	48,326	24,291
Retained losses	(1,761,539)	(777,957)
Total Equity	5,746,048	4,465,791
Non-current liabilities		
Long-term borrowings	224,656	166,559
Long-term property lease	746,667	-
Long-term grant	699,963	799,963
Total non-current liabilities	1,671,286	966,522
Current liabilities		
Trade and other payables	712,951	396,784
Short-term borrowings	427,990	118,206
Short-term property lease	53,333	-
Short-term grant	100,000	100,000
Total current liabilities	1,294,274	614,990
TOTAL EQUITY AND LIABILITIES	8,711,608	6,047,303

**CONSOLIDATED CASHFLOW STATEMENT OF BIOGANIX PLC FOR THE
YEAR ENDED 31 DECEMBER 2007**

	31 December 2007 (unaudited)	31 December 2006 (audited and restated)
	£	£
(Loss) before finance income / expenses and tax	(1,057,185)	(60,293)
Adjustments for:		
Depreciation	844,413	523,119
Changes in working capital (excluding the effects of acquisitions):		
Inventories	868	57,992
Trade and other receivables	(311,328)	(138,044)
Trade and other payables	316,167	296,970
Other provisions	24,035	24,291
Cash (lost) / generated from operations	(183,030)	704,035
Corporation tax received	-	83,883
Net cash (lost) / generated from operations	(183,030)	787,918
Cash flows from investing activities		
Finance income received	19,545	21,298
Finance expenses	(126,245)	(126,826)
Purchase of property, plant and equipment	(2,532,667)	(4,181,411)
Investment in intangible fixed assets	-	(109,989)
Net cash used in investing activities	(2,639,367)	(4,396,928)
Cash flows from financing activities		
Repayment of finance leases	-	(7,175)
Repayment of bank loans	(96,142)	(111,142)
Issue of equity share capital	2,406,000	6,263,573
Repayment of convertible unsecured loan notes	-	(1,760,406)
Expenses incurred in connection with new shares	(166,195)	(532,056)
Repayment of amounts owed to group undertakings	-	(1,081,620)
Interest on loan notes	-	(512,072)
New grants received	-	1,000,000
New bank loan	250,000	-
Net cash generated / (used) in financing activities	2,393,663	3,259,102
Net (decrease) in cash and cash equivalents	(428,734)	(349,908)
Cash and cash equivalents at beginning of period	141,886	491,794
(Borrowings) / Cash and cash equivalents at end of period	(286,848)	141,886

**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS OF BIOGANIX PLC
FOR THE YEAR ENDED 31 DECEMBER 2007**

1. Adoption of International Financial Reporting Standards (IFRS)

For all periods up to 31 December 2006 Bioganix plc prepared its financial statements in accordance with UK Generally Accepted Accounting Principles (UK GAAP). AIM Rules require that the annual consolidated financial statements of Bioganix plc for the year ended 31 December 2007 be prepared in accordance with International Financial Reporting Standards (IFRS).

Accordingly, these preliminary financial statements which are for the year ending 31 December 2007, are the first full year statements that have been prepared in accordance with IFRS and are covered by IFRS1, First-time Adoption of IFRS.

In preparing these preliminary financial statements the comparative figures previously reported under UK GAAP have been restated for the transition to IFRS. The disclosures required by IFRS1 regarding the transition for the relevant periods are given in Note 3 below. Other than changes to accounting policies as a result of the adoption of IFRS, the same accounting policies have been followed in the preliminary financial statements as compared with the most recent annual financial statements.

2. Loss per ordinary share

The calculation of the basic earnings per ordinary share is based on the result for the Period, for continuing operations as well as total acquisitions, and the weighted average number of shares in issue during the period.

	31 December 2007 (unaudited)	31 December 2006 (audited)
Weighted average number of ordinary shares in issue	7,149,735	4,309,223
(Loss) after tax	(1,063,884)	(41,744)
Basic (loss) per share – pence per share (p)	(14.88p)	(0.97p)
Diluted (loss) per share – pence per share (p)	(14.88p)	(0.97p)

Basic and diluted loss per share are the same in respect of all the periods as the effect of outstanding options is anti-dilutive and therefore excluded.

3. Transition from UK GAAP to IFRS

As required under IFRS1, the equity reconciliations at 1 January 2006 (the transition date for IFRS) and at 31 December 2006 (date of last UK GAAP financial statements) are set out below

The net effect of adopting IFRS rather than the UK GAAP for the year ending 31 December 2006 is to increase total assets from £5,976,679 to £6,047,303 due to the capitalisation of leases. This change also has the effect of slightly increasing the loss on ordinary activities for the year ending 31 December 2006 from £39,543 to £41,744.

Reconciliation of UK GAAP equity to IFRS equity:

	31 December 2007 £	1 January 2007 £
Capital and reserves according to UK GAAP	5,746,048	4,467,992
Effect of adopting IAS17 – Leases	-	(2,201)
Equity according to IFRS	<u>5,746,048</u>	<u>4,465,791</u>

Reconciliation of UK GAAP balance sheets to IFRS balance sheets:

	As at 31 December 2006			As at 30 June 2006		
	As previously reported under UK GAAP £	Effect of transition £	As restated under IFRS £	As previously reported under UK GAAP £	Effect of transition £	As restated under IFRS £
ASSETS						
Non-current assets						
Property, plant and equipment	5,357,306	70,624	5,427,930	4,661,091	-	4,661,091
Other tangible assets	71,515	-	71,515	-	-	-
Total non-current assets	<u>5,428,821</u>	<u>-</u>	<u>5,499,445</u>	<u>4,661,091</u>	<u>-</u>	<u>4,661,091</u>
Current Assets						
Inventories	32,213	-	32,213	159,981	-	159,981
Trade Receivables	373,759	-	373,759	300,528	-	300,528
Cash and cash equivalents	141,886	-	141,886	1,011,134	-	1,011,134
Total current assets	<u>547,858</u>	<u>-</u>	<u>547,858</u>	<u>1,471,643</u>	<u>-</u>	<u>1,471,643</u>
Total Assets	<u>5,976,679</u>	<u>70,624</u>	<u>6,047,303</u>	<u>6,132,734</u>	<u>-</u>	<u>6,132,734</u>
EQUITY AND LIABILITIES						
Equity attributable to equity holders of the parent						
Share capital	645,836	-	645,836	645,834	-	645,834
Merger reserve	-	4,308,335	4,308,335	-	4,308,335	4,308,335
Share premium reserve	4,573,621	391,669	4,965,290	4,576,771	391,669	4,968,440
Reverse acquisition reserve		(4,700,004)	(4,700,004)		(4,700,004)	(4,700,004)
Other reserves	24,291	-	24,291	-	-	-
Retained earnings	(775,756)	(2,201)	(777,957)	(728,176)	-	(728,176)
Total equity	<u>4,467,992</u>	<u>(2,201)</u>	<u>4,465,791</u>	<u>4,494,429</u>	<u>-</u>	<u>4,494,429</u>
Non-current liabilities						
Long-term borrowings	115,678	50,881	166,559	161,369	-	161,369
Long-term	799,963	-	799,963	849,963	-	849,963

Government Grants						
Total Non-current liabilities	915,641	50,881	966,522	1,011,332	-	1,011,332
Current liabilities						
Trade and other payables	396,784	-	396,784	411,295	-	411,295
Short-term Government Grants	100,000	-	100,000	100,000	-	100,000
Current portion of long-term borrowings	96,262	21,944	118,206	115,678	-	115,678
Total current liabilities	593,046	21,944	614,990	626,973	-	626,973
Total liabilities	1,508,687	72,825	1,581,512	1,638,305	-	1,638,305
Total equity and liabilities	5,976,679	70,624	6,047,303	6,132,734	-	6,132,734

Reconciliation of UK GAAP income statements to IFRS income statements:

	As at 31 December 2006			As at 30 June 2006		
	As previously reported under UK GAAP £	Effect of transition £	As restated under IFRS £	As previously reported under UK GAAP £	Effect of transition £	As restated under IFRS £
Revenue	1,600,626	-	1,600,626	826,681	-	826,681
Cost of Sales	(1,016,293)	2,894	(1,013,399)	(354,766)	-	(354,766)
Gross Profit	584,333	2,894	587,227	471,915	-	471,915
Other income	426,200	-	426,200	-	-	-
Distribution expenses	(196,925)	-	(196,925)	(53,823)	-	(53,823)
Administrative expenses	(876,795)	-	(876,795)	(389,799)	-	(389,799)
Finance income	21,298	-	21,298	2,481	-	2,481
Finance expenses	(21,692)	(5,095)	(26,787)	(22,736)	-	(22,736)
(Loss) / profit before tax	(63,581)	(2,201)	(65,782)	8,038	-	8,038
Taxation	24,038	-	24,038	-	-	-
(Loss) / profit for the period	(39,543)	(2,201)	(41,744)	8,038	-	8,038
(Loss) / profit per share	(0.92)p	(.05p)	(0.97p)	0.35p	-	0.35p

4. Business Combination

On 28th April 2006 Bioganix plc completed the purchase of the entire share capital of Bioganix Composting Limited. The Business Combination has been accounted for as a reverse acquisition in accordance with IFRS 3.

5. Segmental reporting

The group operates in one business segment, that of the provision of waste management services, and in one geographic segment, within the UK. Accordingly no segmental analysis is required.

6. Taxation

Due to the Company's losses, no taxation charge has arisen for the period. Corporation tax received has arisen from research and development tax credits.

7. Final Dividend

The directors have not declared a final dividend.

8. Preliminary Financial Statements

The preliminary financial statements for the year ended 31 December 2007 were approved by the Board of Directors on 14 May 2008. These financial statements do not constitute statutory accounts within the meaning of the Companies Act 1985 and are neither reviewed nor audited. The figures for the year ended 31 December 2007 are unaudited. Statutory accounts for the year ended 31 December 2006 have been filed with the Registrar of Companies. The auditor's report on those accounts was unqualified and did not contain any statement under Section 237 (2) or (3) of the Companies Act 1985.

9. Copies of Statement

Copies of this statement are available to shareholders and members of the public, free of charge, from the Company's registered office at Wharton Court, Leominster, Herefordshire, HR6 0NX.

Ends