

# **BIOGANIX PLC ('Bioganix' or 'the Group')**

## **INTERIM RESULTS**

Bioganix plc, the AIM listed waste management services group, announces its results for the six months ended 30<sup>th</sup> June 2006.

### **OVERVIEW**

- Successful flotation on AIM resulting in the raising of £2.52 million (net of expenses) and considerable strengthening of the Balance Sheet.
- Business trading profitably during a period of significant expansion.
- First phase of Suffolk plant fully operational with second phase due to be completed by the end of the year.
- Received in cash £1 million contribution from Suffolk County Council towards the capital cost of the Parham plant.
- Plans for the next plant are at an advanced stage.
- Awarded commercial contract from DEFRA to undertake research under the New Technologies Demonstrator Programme.
- Management team strengthened to enable continued development of the business.

### **CHAIRMAN'S STATEMENT**

#### **Financial Performance**

Turnover for the six months ending 30<sup>th</sup> June 2006 was £826,681 compared with £294,512 for the period ending 30<sup>th</sup> June 2005 and £696,735 for the full 2005 year. Pre-tax profits for the period were £8,038 compared with £24,376 for the comparable period in 2005 and £6,936 for the full 2005 year. Net assets at 30<sup>th</sup> June 2006 were £4,494,429 (30<sup>th</sup> June 2005 net liabilities were £802,560). Prior to the flotation, the Group raised £1,901,500 of convertible unsecured loan notes which were converted into ordinary shares upon flotation. As at 30<sup>th</sup> June 2006, the Group held £1,011,134 in its bank accounts and had asset related borrowings of £267,511. The freehold Parham site and plant are not secured against any loans.

#### **Activities**

Turnover growth reflects gate fee and tonnage increases at the Wharton plant, commencement of the DEFRA research contract and the start of operations at the Suffolk plant. Tonnage throughput in the first half of the year was boosted by a heavy flush of garden waste following the wet weather in the Spring. The management team was considerably strengthened during the first half of the year to assist with the building of the Parham plant and the continuing development of the business.

#### **Wharton (Herefordshire) Plant**

The Wharton plant continues to process waste material from the food industry and mixed garden and kitchen waste from Bioganix's contract with South Shropshire District Council. The plant is now also being used to conduct contract research work for DEFRA which has involved trial work on various screening techniques and in carrying out crop growing experiments utilising the resultant fertiliser product.

## **Parham (Suffolk) Plant**

Building and plant installation work on the Parham site commenced in January 2006. Construction work on the main building was carried out concurrently with fitting out of plant and equipment. The rapid progress on the site meant that the plant was able to achieve sufficient operational capability in April to enable the drawing down of the £1 million capital contribution from Suffolk County Council. The very rapid building programme, the purchase of additional land, construction of extra yard space and the installation of additional weighbridges led to an 8% increase on budgeted cost. The plant is now processing up to 500 tonnes per week of material. The second phase of the Parham plant, being the construction of another 250 tonne per week processing line, has now been brought forward and will commence in mid September with initial operation of the new line anticipated during November 2006. The Parham plant benefits from the 10 year contract with Suffolk County Council for about 12,000 tonnes per year of green and kitchen waste. Three and four year contracts for commercial food waste have been agreed for a further 20,000 tonnes with the result that 90% of the enhanced plant capacity is now contracted for.

## **Outlook**

Construction of the second phase at Parham will inevitably compromise the smooth operation of the plant during the second half of the year. Despite this, the board expects trading to remain in line with expectations. Gate fee prospects at both plants are looking firm and the company is exploring a number of opportunities including the third plant which is at an advanced stage.

Andrew Walker  
Chairman

19 September 2006

## FINANCIAL STATEMENTS OF BIOGANIX PLC

### GROUP PROFIT AND LOSS ACCOUNT

	6 months ended 30 June 2006 (unaudited) £	Year to 31 December 2005 (audited) £	6 months ended 30 June 2005 (unaudited) £
GROUP TURNOVER	826,681	696,735	294,512
Cost of sales	(354,766)	(294,490)	(83,450)
Gross profit	471,915	402,245	211,062
Distribution costs	(53,823)	(84,838)	(40,580)
Administrative expenses	(389,799)	(305,459)	(141,424)
OPERATING PROFIT	28,293	11,948	29,058
Interest receivable	2,481	9,326	85
Interest payable and similar charges	(22,736)	(14,338)	(4,767)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	8,038	6,936	24,376
Taxation	–	83,798	–
PROFIT FOR THE FINANCIAL PERIOD	8,038	90,734	24,376

### GROUP BALANCE SHEET

	30 June 2006 (unaudited) £	31 December 2005 (audited) £	30 June 2005 (unaudited) £
FIXED ASSETS			
Tangible assets	4,661,091	1,651,163	896,853
CURRENT ASSETS			
Stocks	159,981	90,205	43,028
Debtors	300,528	295,560	60,860
Cash at bank	1,011,134	491,794	–
	1,471,643	877,559	103,888
CREDITORS			
Amounts falling due within one year	(526,974)	(3,052,984)	(1,535,790)
NET CURRENT ASSETS/(LIABILITIES)	944,669	(2,175,425)	(1,431,902)
TOTAL ASSETS LESS CURRENT LIABILITIES	5,605,760	(524,262)	(535,049)
CREDITORS			
Amounts falling due after more than one year	(161,369)	(211,940)	(267,511)
	5,444,391	(736,202)	(802,560)
Government grants	(949,962)	–	–
NET ASSETS / (LIABILITIES)	4,494,429	(736,202)	(802,560)
CAPITAL AND RESERVES			
Called up equity share capital	645,834	11	11
Share premium account	4,576,771	–	–
Profit and loss account	(728,176)	(736,213)	(802,571)
SHAREHOLDERS' FUNDS/(DEFICIT)	4,494,429	(736,202)	(802,560)

<b>GROUP CASHFLOW</b>	<b>6 months ended 30 June 2006 (unaudited) £</b>	<b>Year to 31 December 2005 (audited) £</b>	<b>6 months ended 30 June 2005 (unaudited) £</b>
<b>NET CASH (OUTFLOW) / INFLOW FROM OPERATING ACTIVITIES</b>	258,138	(166,759)	(60,239)
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>			
Interest received	2,481	9,326	85
Interest paid	(22,736)	(14,338)	(4,767)
Net cash flow for returns on investments and servicing of finance	(20,255)	(5,012)	(4,682)
Taxation	57,818	(85)	–
<b>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>			
Payments to acquire tangible fixed assets	(3,182,977)	(1,480,130)	(589,060)
Net cash flow for capital expenditure and financial investment	(3,182,977)	(1,480,130)	(589,060)
<b>CASH OUTFLOW BEFORE FINANCING</b>	<b>(2,887,276)</b>	<b>(1,651,986)</b>	<b>(653,981)</b>
<b>FINANCING</b>			
Issue of equity share capital	5,222,593	–	–
(Repayment of)/increase in convertible unsecured loan notes	(1,760,406)	1,760,406	–
(Repayment of)/increase in bank loans	(55,571)	278,082	333,653
Repayment of amounts owed to group undertakings	(1,000,000)	–	–
(Repayment of)/increase in directors' loans	–	(20,000)	52,474
New grants received	1,000,000	–	–
Net cash inflow from financing	3,406,616	2,018,488	386,127
<b>INCREASE / (DECREASE) IN CASH IN THE PERIOD</b>	<b>519,340</b>	<b>366,502</b>	<b>(267,854)</b>
<b>RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS</b>			
Increase/(decrease) in cash in the period	519,340	366,502	(267,854)
Net cash outflow from/(inflow) from convertible unsecured loan notes	1,760,406	(1,760,406)	–
Net cash outflow from/(inflow) from bank loans	55,571	(278,082)	(333,653)
Net cash outflow from amounts owed to group undertakings	1,000,000	–	–
Net cash outflow from/(inflow) from directors' loans	–	20,000	(52,474)
<b>CHANGE IN NET FUNDS / (DEBT)</b>	<b>3,335,317</b>	<b>(1,651,986)</b>	<b>(653,981)</b>
<b>NET DEBT AT START OF PERIOD</b>	<b>(2,591,694)</b>	<b>(939,708)</b>	<b>(939,708)</b>
<b>NET FUNDS / (DEBT) AT END OF PERIOD</b>	<b>743,623</b>	<b>(2,591,694)</b>	<b>(1,593,689)</b>

Notes to the Interim Results:

- 1 The results for the periods to 30 June 2006 and 30 June 2005 are unaudited and do not constitute statutory accounts in accordance with section 240 of the Companies Act.
- 2 Copies of the interim results can be obtained from the Group's website, [www.bioganix.co.uk](http://www.bioganix.co.uk), or by email request to the Company Secretary at [wayne.symonds@bioganix.co.uk](mailto:wayne.symonds@bioganix.co.uk).