

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

28th September 2007
INTERIM RESULTS

Bioganix plc, the AIM listed waste management services group, today announces its results for the six months ended 30th June 2007 ("the Period").

Commenting on these results, Andrew Walker, Chairman, said: "We are particularly pleased with the progress that has been made in securing and funding the third plant at Sharpness. The success of the placing has shown the support that we enjoy from our shareholders and is a further endorsement of our strategy.

Significant progress has been made in refining our processes and marketing our end product fertiliser. The Group is now in a strong position given the increasing legislative pressures on the waste management industry."

Highlights

- The Group's financial results for the Period are in line with expectations.
- During the Period 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 during the Period and construction is now underway.
- Significant improvements have been made to the Suffolk plant's composting equipment which have enhanced productivity and reliability.
- Odour Management systems at the Suffolk plant have been further refined and the number of odour related issues (as previously reported) has declined significantly. The directors are pleased with progress made in this area.
- More gate fee material has been sourced from Suffolk County Council.
- The DEFRA New Technology Demonstrator Programme ("NTDP") has continued to deliver useful results and has provided a platform for presenting the Bioganix system to local authorities and other potential customers.
- The results of recent field trials using Bioganix compost fertiliser have been most encouraging and compost sales prices have risen during the Period.

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CHAIRMAN'S STATEMENT

Financial Performance

The Group's financial results are consistent with expectations. Turnover for the six months ending 30th June 2007 was £1,014,081 compared with £826,681 for the period ending 30th June 2006 and £1,600,626 for the full 2006 year. Pre-tax losses for the Period were £512,869 compared with profits of £8,038 for the comparable period in 2006 and pre-tax losses of £65,782 for the full 2006 year. Cash generated from operations during the Period was £103,548 compared with £258,138 for the 6 months to 30 June 2006. The Net assets at 30th June 2007 were £3,964,130 (30th June 2006 net assets were £4,494,429).

The attached interim financial statements for the six months ended 30 June 2007 have been prepared for the first time in accordance with IFRS and are covered by IFRS1, First-time Adoption of IFRS. Where necessary, comparative figures, previously reported under UK GAAP, have been restated for the transition to IFRS.

Funding

During the Period the Group raised £2.24 million (net of costs) from a placing of 1,659,311 new ordinary shares primarily to provide the equity content of the funding required for the Sharpness plant. The funds from this placing were not received until after the Period end. As at 30th June 2007, the Group had an overdraft of £430,989 and had asset related borrowings of £161,369. Funding for the Sharpness plant will be supplemented by a WRAP capital grant, and the balance of funding, after the new equity input, will be from agreed new banking facilities and asset funding under the WRAP EQUIP scheme.

Activities

Turnover growth primarily reflects gate fee and tonnage increases at the Suffolk plant. The losses made in the Period are primarily a function of the modifications to composting vessels and odour management systems and operational downtime at the Suffolk Plant as well as the large increases in fuel and electricity prices that were referred to in the Chairman's Statement that accompanied the Group's results for the year ended 31 December 2006. New electricity prices, approximately 40% lower than those being charged up to June 30th 2007, were agreed during the Period. These have applied from July 1st 2007.

Wharton (Herefordshire) Plant

The Wharton plant has continued to be used to conduct research work for DEFRA under the NTDP programme. As a consequence the Group has had the opportunity to present the Bioganix composting solution to a number of local authority visitors. Crop growing experiments have continued with very satisfactory results. In particular, spring fertilising of winter wheat crops with the Bioganix product gave rise to yields which were 17% greater than yields from those crops treated with normal levels of conventional chemical fertiliser.

Parham (Suffolk) Plant

The overall volumes of material processed at the Suffolk plant have grown compared with the 6 months to 31 December 2006 although tonnage from one customer has been below contracted levels. Under the terms of these contracts, compensation for under delivery is payable to Bioganix by the customer concerned. Contractual negotiations are underway regarding this issue. Suffolk County Council has recently asked Bioganix to process additional green and kitchen waste from another Suffolk borough. As previously reported, a programme of upgrade work on the composting barrels was completed during the Period. As anticipated this work compromised the Suffolk plant's profit during the Period and contributed to the overall loss during the 6 months to 30 June 2007. Work has also been carried out on refining and improving the Plant's odour control systems;

whilst this has involved considerable initial cost, the systems have now been modified to deliver enhanced performance and reduced operating costs. The directors are now satisfied that the odour management systems at the Plant are operating much closer to optimal levels and that the plant's environmental performance has greatly improved with a significant reduction in the number of odour issues. The directors view this as a positive achievement that demonstrates the Group's ability to build and run plants that satisfy current and anticipated regulatory requirements.

Compost sales and marketing

The Group continues to develop the market for Bioganix compost fertiliser with an increasing trend in the average price obtained for compost product. The successful crop trials at Wharton and the increasing costs of artificial fertiliser, as a result of increasing energy prices, have reinforced the economic advantage of the Bioganix compost fertiliser. Bioganix is moving towards gaining certification under the Compost Association's PAS100 standard. The Suffolk plant is now licensed to produce agricultural fertiliser under the Fertiliser Industry Assurance Scheme. The directors are confident of increased demand for high quality nutrient rich compost fertiliser, such as produced by Bioganix, especially in the light of rapidly rising fertiliser prices and increasing awareness of climate change and fossil fuel issues.

Sharpness (Gloucestershire) plant

As previously reported, the planning permission for the Sharpness plant was granted in January 2007 and the lease for the premises was signed on June 13th 2007. Since then the Group has ordered the necessary plant and equipment and has been undertaking initial construction work at the site. The Group's sub-contractors have started construction of the composting vessels and the first of these is due to be delivered to Sharpness in November. The directors are in discussion with a number of potential providers of gate fee material.

Outlook

Both the Wharton and Parham plants are continuing to operate at high levels of reliability. Volumes at Wharton have remained high despite material being affected by the very wet summer weather and flooding in Herefordshire, which caused some operational difficulties and additional costs. Volumes at Parham have been lower than expected in the second half of the year, though this is due wholly to the shortfall in contracted levels of supply by one customer, referred to above; full-year results will be affected by the outcome of the negotiations with this customer. The Sharpness plant is expected to start production in early 2008 and thus will not make any contribution to turnover or profit during the current year. The £8 per tonne increase in Landfill tax announced in the last 'Budget' and its continuing escalation in future years, appears to have stimulated strong further interest from both commercial and Local Authority customers and also provides a very firm base to gate fees in the future.

Andrew Walker
Chairman

28 September 2007

**CONSOLIDATED INCOME STATEMENT OF BIOGANIX PLC FOR THE SIX MONTHS
ENDED 30 JUNE 2007**

	6 months ended 30 June 2007 (unaudited)	Year to 31 December 2006 (audited and restated)	6 months ended 30 June 2006 (unaudited and restated)
	£	£	£
GROUP REVENUE	1,014,081	1,600,626	826,681
Cost of sales	(722,915)	(1,013,399)	(354,766)
Gross profit	<u>291,166</u>	<u>587,227</u>	<u>471,915</u>
Distribution costs	(141,927)	(196,925)	(53,823)
Administrative expenses	(761,186)	(876,795)	(389,799)
Other operating income	109,454	426,200	–
Finance income	2,551	21,298	2,481
Finance expenses	(12,927)	(26,787)	(22,736)
(LOSS)/PROFIT BEFORE TAXATION	<u>(512,869)</u>	<u>(65,782)</u>	<u>8,038</u>
Income tax received	–	24,038	–
(LOSS)/PROFIT FOR THE FINANCIAL PERIOD	<u>(512,869)</u>	<u>(41,744)</u>	<u>8,038</u>
Basic (loss) / earnings per share	(7.94p)	(0.97p)	0.35p

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 six months to 30th June 2007.

Consolidated Statement of Changes in Equity for the six months ended 30th June 2007

	6 months ended 30 June 2007 (unaudited)	Year to 31 December 2006 (audited and restated)	6 months ended 30 June 2006 (unaudited and restated)
	£	£	£
Balance at start of period as originally stated under UK GAAP	4,467,992	(736,202)	(736,202)
Change of accounting policy to comply with IFRS	(2,201)	–	–
Restated balances at start of period	<u>4,465,791</u>	<u>(736,202)</u>	<u>(736,202)</u>
(Loss) / Profit for the period (2006: as restated)	(512,869)	(41,744)	8,038
Share options reserve	11,208	24,291	–
Issue of new shares	–	645,825	645,825
Premium on issue of new shares	–	4,573,621	4,576,768
Restated balances at end of period	<u>3,964,130</u>	<u>4,465,791</u>	<u>4,494,429</u>

CONSOLIDATED BALANCE SHEET OF BIOGANIX PLC AS AT 30th JUNE 2007

	30 June 2007 (unaudited)	31 December 2006 (audited and restated)	30 June 2006 (unaudited and restated)
	£	£	£
ASSETS			
Non-current assets			
Property, plant and equipment	6,412,156	5,427,930	4,661,091
Intangible assets	53,636	71,515	–
Total non-current assets	6,465,792	5,499,445	4,661,091
CURRENT ASSETS			
Inventories	35,400	32,213	159,981
Debtors	403,192	373,759	300,528
Cash at bank	–	141,886	1,011,134
Total current assets	438,592	547,858	1,471,643
Total Assets	6,904,384	6,047,303	6,132,734
EQUITIES AND LIABILITIES			
Equity attributable to equity holders of the company			
Share capital	645,836	645,836	645,834
Other reserves	4,609,120	4,597,912	4,576,771
Retained losses	(1,290,826)	(777,957)	(728,176)
Total Equity	3,964,130	4,465,791	4,494,429
Non-current liabilities			
Long-term borrowings	133,610	166,559	161,369
Long-term property lease	768,000	–	–
Long-term grant	749,963	799,963	849,963
Total non-current liabilities	1,651,573	966,522	1,011,332
Current liabilities			
Trade and other payables	660,525	396,784	411,295
Short-term borrowings	496,156	118,206	115,678
Short-term property lease	32,000	–	–
Short-term grant	100,000	100,000	100,000
Total current liabilities	1,288,681	614,990	626,973
TOTAL EQUITY AND LIABILITIES	6,904,384	6,047,303	6,132,734

CONSOLIDATED CASHFLOW STATEMENT OF BIOGANIX PLC FOR THE SIX MONTHS ENDED 30 JUNE 2007

	30 June 2007 (unaudited)	31 December 2006 (audited and restated)	30 June 2006 (unaudited and restated)
	£	£	£
(Loss) / Profit before income tax	(502,493)	(60,293)	28,293
Adjustments for:			
Depreciation	388,991	523,119	173,049
Changes in working capital (excluding the effects of acquisitions):			
Inventories	(3,187)	57,992	(69,776)
Trade and other receivables	(29,433)	(138,044)	(4,968)
Trade and other payables	238,462	296,970	131,540
Other provisions	11,208	24,291	-
Cash generated from operations	<u>103,548</u>	<u>704,035</u>	<u>258,138</u>
Income tax received	-	83,883	57,818
Net cash from operations	<u>103,548</u>	<u>787,918</u>	<u>315,956</u>
Cash flows from investing activities			
Finance income received	2,551	21,298	2,481
Finance expenses	(62,927)	(126,826)	(22,736)
Purchase of property, plant and equipment	(555,338)	(4,181,411)	(3,182,977)
Investment in intangible fixed assets	-	(109,989)	-
Net cash used in investing activities	<u>(615,714)</u>	<u>(4,396,928)</u>	<u>(3,203,232)</u>
Cash flows from financing activities			
Repayment of finance leases	(10,138)	(7,175)	-
Repayment of bank loans	(50,571)	(111,142)	(55,571)
Issue of equity share capital	-	6,263,573	6,263,573
Repayment of convertible unsecured loan notes	-	(1,760,406)	(1,760,406)
Expenses incurred in connection with new shares	-	(532,056)	(528,908)
Repayment of amounts owed to group undertakings	-	(1,081,620)	(1,000,000)
Interest on loan notes	-	(512,072)	(512,072)
New grants received	-	1,000,000	1,000,000
Net cash used in financing activities	<u>(60,709)</u>	<u>3,259,102</u>	<u>3,406,616</u>
Net (decrease) / increase in cash and cash equivalents	<u>(572,875)</u>	<u>(349,908)</u>	<u>519,340</u>
Cash and cash equivalents at beginning of period	141,886	491,794	491,794
Cash and cash equivalents at end of period	(430,989)	141,886	1,011,134

**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS OF BIOGANIX PLC
FOR THE SIX MONTHS ENDED 30 JUNE 2007**

1. Adoption of International Financial Reporting Standards (IFRS)

For all periods up to 31 December 2006 Bioganix plc has 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 interim financial statements which are for the six months ending 30 June 2007, have been prepared for the first time in accordance with IFRS and are covered by IFRS1, First-time Adoption of IFRS.

The information presented within these interim financial statements is in compliance with IAS34 'Interim Financial Reporting'.

In preparing these interim 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 interim financial statements as compared with the most recent annual financial statements.

2. Earnings 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.

	30 June 2007 (unaudited)	31 December 2006 (audited)	30 June 2006 (unaudited)
Weighted average number of ordinary shares in issue	6,458,355	4,309,223	2,283,619
Dilutive potential ordinary shares: Employee Share Options	475,792	315,123	164,420
(Loss) / Profit after tax	(512,869)	(41,744)	8,038
Basic (loss) / earnings per share – pence per share (p)	(7.94p)	(0.97p)	0.35p
Diluted (loss) / earnings per share – pence per share (p)	(7.94p)	(0.97p)	0.33p

There are potentially dilutive employee share options of 475,792 in existence at 30 June 2007 (30 June 2006: 164,420) which relate to share options granted to employees where the exercise price is less than the average market price of the Company's ordinary shares during the period. These are not dilutive at present.

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. For comparative purposes, the equity reconciliation at 30 June 2006 is also included to enable comparison with the 2007 published interim figures.

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 from £39,543 to £41,744.

Reconciliation of UK GAAP equity to IFRS equity:

	31 December 2006	30 June 2006	1 January 2006
	£	£	£
Capital and reserves according to UK GAAP	4,467,992	4,494,429	(736,202)
Effect of adopting IAS17 – Leases	(2,201)	-	-
Equity according to IFRS	<u>4,465,791</u>	<u>4,494,429</u>	<u>(736,202)</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
Share premium	4,573,621	-	4,573,621	4,576,771	-	4,576,771
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 Government Grants	799,963	-	799,963	849,963	-	849,963
Total Non-current liabilities	<u>915,641</u>	<u>50,881</u>	<u>966,522</u>	<u>1,011,332</u>	<u>-</u>	<u>1,011,332</u>

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.

7. Interim Dividend

The directors have not declared an interim dividend.

8. Interim Financial Statements

The financial statements for the six months ended 30 June 2007 were approved by the Board of Directors on 26th September 2007. These financial statements do not constitute statutory accounts within the meaning of the Companies Act 1985 and are neither reviewed nor audited.

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 ONX.

Ends