

# BIOGANIX PLC

26<sup>th</sup> September 2008

## INTERIM RESULTS

Bioganix Plc ('Bioganix' or 'the Group'), the AIM listed waste management services group, today announces its results for the six months ended 30<sup>th</sup> June 2008 ('the Period').

### CHAIRMAN'S STATEMENT

#### Financial Performance

Turnover for the six months ending 30<sup>th</sup> June 2008 was £1,109,924 compared with £1,014,081 for the period ending 30<sup>th</sup> June 2007 and £2,056,039 for the full 2007 year. Pre-tax losses for the Period were £591,554 compared with losses of £512,869 for the comparable period in 2007 and pre-tax losses of £1,061,683 for the full 2007 year. Cash lost from operations (before financing expenses) during the Period was £144,770 compared with cash generated from operations of £103,548 during the 6 months to 30 June 2007. Total Equity at 30<sup>th</sup> June 2008 was £5,166,352 (30<sup>th</sup> June 2007 Total Equity was £3,964,130).

#### Activities

During the Period, the volumes of material processed in all three of the Group's plants were broadly in line with expectations.

The new Sharpness plant became operational in the last two months of the Period and made a small contribution towards sales during the Period.

The previously reported dispute with a major customer was satisfactorily resolved in April 2008. Nonetheless, as expected, this issue had an adverse effect on the volumes processed at Parham during the Period.

The DEFRA NTDP project, which has been conducted at the Wharton Plant, was completed during the Period. Since the end of the Period, the decommissioning of the Wharton research plant (previously scheduled for December 2008) has been brought forward in order to reduce overall Group operating costs. Material previously processed at Wharton is now being processed at Sharpness.

The overall loss made during the Period was exacerbated by certain elements of operating costs being higher than had been anticipated, in particular energy costs.

During the Period the management team expended significant effort on completing the build of the new Sharpness factory and on sourcing gate fee material for both Sharpness and Parham. In addition significant progress was made on developing the plans for the new facility in Buckinghamshire.

Since the end of the Period, the volumes of material processed at Sharpness and Parham have not grown in line with the directors' expectations due to delays in securing a number of key contracts for food waste. The directors continue to pursue a number of significant opportunities for new gate fee material for both these plants.

Sales of compost fertiliser have continued to benefit from the very high prices of artificial fertilisers being experienced by farmers.

## Funding

The Group continues to trade within its existing overdraft facility. Discussions with the Group's bank regarding enhanced borrowing facilities are ongoing. The directors consider that the Group can continue to trade as a going concern while the directors pursue a range of options in the best interests of shareholders and other stakeholders.

## Outlook

The combined impact of lower revenues, market-place pressures and higher operating costs is putting significant pressure on the Group's cash resources. Furthermore the recent global turmoil in banking and equity markets has resulted in the Group experiencing difficulty in sourcing the equity and debt finance necessary to develop and expand the business as previously envisaged by the directors. The directors are therefore exploring a number of strategic options that will enable value to be created for shareholders from the Group's assets, including the Buckinghamshire opportunity, and from the Group's relationships with customers and other third parties.

The Company also announced yesterday that it had received an approach from a third party which, if discussions are successful, might lead to an offer being made for the entire issued share capital of the company. It is emphasised that discussions are at an early stage.

Andrew Walker  
Chairman

26 September 2008

### Contacts:

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**CONSOLIDATED INCOME STATEMENT OF BIOGANIX PLC FOR THE SIX MONTHS  
ENDED 30 JUNE 2008**

	6 months ended 30 June 2008 (unaudited)	Year to 31 December 2007 (audited)	6 months ended 30 June 2007 (unaudited)
	£	£	£
GROUP REVENUE	1,109,924	2,056,039	1,014,081
Cost of sales	(799,300)	(1,591,179)	(722,915)
Gross Profit	<u>310,624</u>	<u>464,860</u>	<u>291,166</u>
Distribution costs	(130,641)	(303,799)	(141,927)
Administrative expenses	(781,907)	(1,430,525)	(749,978)
Share based payments	(11,858)	(24,035)	(11,208)
Other operating income	92,067	238,516	109,454
Operating Loss	<u>(521,715)</u>	<u>(1,054,983)</u>	<u>(502,493)</u>
Finance income	2,192	19,545	2,551
Finance expenses	(72,031)	(26,245)	(12,927)
LOSS BEFORE TAXATION	<u>(591,554)</u>	<u>(1,061,683)</u>	<u>(512,869)</u>
Income tax received	-	78,102	-
LOSS FOR THE FINANCIAL PERIOD	<u>(591,554)</u>	<u>(983,581)</u>	<u>(512,869)</u>
Basic loss / earnings per share	(7.29p)	(13.76p)	(7.94p)

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 2008.

**Consolidated Statement of Changes in Equity for the six months ended 30th June 2008**

	6 months ended 30 June 2008 (unaudited)	Year to 31 December 2007 (audited)	6 months ended 30 June 2007 (unaudited)
	£	£	£
Balance at start of period as originally stated under UK GAAP	5,746,048	4,467,992	4,467,992
Change of accounting policy to comply with IFRS	-	(2,201)	(2,201)
Restated balances at start of period	<u>5,746,048</u>	<u>4,465,791</u>	<u>4,465,791</u>
Loss for the period	(591,554)	(983,581)	(512,869)
Share based payments	11,858	24,035	11,208
Issue of new shares	-	165,931	-
Premium on issue of new shares	-	2,073,872	-
Equity attributable to the equity shareholders of the Company	<u>5,166,352</u>	<u>5,746,048</u>	<u>3,964,130</u>

**CONSOLIDATED BALANCE SHEET OF BIOGANIX PLC AS AT 30th JUNE 2008**

	30 June 2008 (unaudited) £	31 December 2007 (audited) £	30 June 2007 (unaudited) £
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	9,691,650	7,881,318	6,412,156
Intangible assets	17,879	35,757	53,636
<b>Total non-current assets</b>	<b>9,709,529</b>	<b>7,917,075</b>	<b>6,465,792</b>
<b>CURRENT ASSETS</b>			
Inventories	35,265	31,344	35,400
Trade receivables	856,322	763,189	403,192
Cash at bank	-	-	-
<b>Total current assets</b>	<b>891,587</b>	<b>794,533</b>	<b>438,592</b>
<b>Total assets</b>	<b>10,601,116</b>	<b>8,711,608</b>	<b>6,904,384</b>
<b>EQUITIES AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the company</b>			
Share capital	811,767	811,767	645,836
Merger reserves	4,308,335	4,308,335	4,609,120
Share Premium	7,039,163	7,039,163	-
Reverse acquisition reserve	(4,700,004)	(4,700,004)	-
Other reserves	60,184	48,326	-
Retained losses	(2,353,093)	(1,761,539)	(1,290,826)
<b>Total equity</b>	<b>5,166,352</b>	<b>5,746,048</b>	<b>3,964,130</b>
<b>Non-current liabilities</b>			
Long-term borrowings	490,000	224,656	133,610
Long-term lease	2,237,907	746,667	768,000
Long-term grant	836,196	699,963	749,963
<b>Total non-current liabilities</b>	<b>3,564,103</b>	<b>1,671,286</b>	<b>1,651,573</b>
<b>Current liabilities</b>			
Trade and other payables	748,769	712,951	660,525
Short-term borrowings	669,792	427,990	496,156
Short-term lease	275,900	53,333	32,000
Short-term grant	176,200	100,000	100,000
<b>Total current liabilities</b>	<b>1,870,661</b>	<b>1,294,274</b>	<b>1,288,681</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>10,601,116</b>	<b>8,711,608</b>	<b>6,904,384</b>

**CONSOLIDATED CASHFLOW STATEMENT OF BIOGANIX PLC FOR THE SIX MONTHS ENDED 30 JUNE 2008**

	30 June 2008 (unaudited) £	31 December 2007 (audited) £	30 June 2007 (unaudited) £
<b>Cashflows from Operating Activities</b>			
Operating Loss	(521,715)	(1,054,983)	(502,493)
Adjustments for:			
Depreciation	426,323	844,413	388,991
<b>Changes in working capital:</b>			
Inventories	(3,921)	867	(3,187)
Trade and other receivables	(93,133)	(311,328)	(29,433)
Trade and other payables	35,818	316,167	238,462
Other provisions	11,858	24,035	11,208
<b>Cash (lost) / generated from operations</b>	<b>(144,770)</b>	<b>(180,829)</b>	<b>103,548</b>
Finance expenses	(164,098)	(128,446)	(62,927)
<b>Net cash (lost) / generated from operations</b>	<b>(308,868)</b>	<b>(309,275)</b>	<b>40,621</b>
<b>Cash flows from investing activities</b>			
Finance income received	2,192	19,545	2,551
Purchase of property, plant and equipment	(3,993,719)	(2,532,667)	(555,338)
Sale of property, plant and equipment	1,774,942	-	-
<b>Net cash used in investing activities</b>	<b>(2,216,585)</b>	<b>(2,513,122)</b>	<b>(552,787)</b>
<b>Cash flows from financing activities</b>			
Repayment of finance leases	(61,136)	-	(10,138)
Repayment of bank loans	(115,571)	(96,142)	(50,571)
Issue of equity share capital	-	2,406,000	-
Expenses incurred in connection with new shares	-	(166,195)	-
New bank loan	450,000	250,000	-
New equipment lease	1,774,942	-	-
New grant received	304,500	-	-
<b>Net cash generated / (used) in financing activities</b>	<b>2,352,735</b>	<b>2,393,663</b>	<b>(60,709)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(172,718)</b>	<b>(428,734)</b>	<b>(572,875)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>(286,848)</b>	<b>141,886</b>	<b>141,886</b>
<b>Cash and cash equivalents at end of period</b>	<b>(459,566)</b>	<b>(286,848)</b>	<b>(430,989)</b>

**NOTES TO THE UNAUDITED INTERIM STATEMENT OF BIOGANIX PLC FOR THE  
SIX MONTHS ENDED 30 JUNE 2008**

**1. Business Combination**

On 28<sup>th</sup> 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.

**2. 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.

**3. Taxation**

Due to the Group's losses, no taxation charge has arisen for the period.

**4. Interim Dividend**

The directors have not declared an interim dividend.

**5. Basic loss per ordinary share**

The calculation of the basic loss per ordinary share is based on the results for the period and the weighted average number of shares in issue.

	30 June 2008 (unaudited)	31 December 2007 (audited)	30 June 2007 (unaudited)
Weighted average number of ordinary shares in issue	8,117,666	7,149,735	6,458,355
Loss for the financial period	(591,554)	(983,581)	(512,869)
Basis and Diluted loss per share – pence per share (p)	(7.29p)	(13.76p)	(7.94p)

**6. Interim Statements**

The Interim Statements for the six months ended 30 June 2008 were approved by the Board of Directors on 25th September 2008. These financial statements do not constitute statutory accounts within the meaning of the Companies Act 1985 and are neither reviewed nor audited.

**7. Basis of Accounting**

Bioganix plc is a public listed Company, incorporated and domiciled in England and quoted on the Alternative Investment Market. The financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS"). The financial statements have been prepared under the historical cost convention.

As noted in the Chairman's statement, the directors are in discussion with the Group's bankers regarding increased borrowing facilities and are also exploring a number of strategic options with that will enable value to be created from the Group's assets. The Directors consider that there is a strong probability of a positive outcome to these discussions which will provide enough finance for the Group to meet its short-term and medium-term working capital requirements and therefore have prepared the interim financial statements on a going concern basis.

## **8. Copies of Interim 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 and are available on the Group's website at [www.bioganix.co.uk](http://www.bioganix.co.uk).

Ends