2005 ANNUAL REPORT

LANDSCAPE

AGRICULTURE

AGRICULTURE

AGRICULTURE

SPORTS TURF

RECLAMATION

PHC® Naturally Better.

PLANT HEALTH CARE plc

Contents

Directors and advisors

Directors	Dr Albert Fischer	*Non-Executive Chairman*
	John Brady	*Chief Executive*
	Walter Bratkowski	*Finance Director*
	Dr Donald Marx	*Executive Director and Chief Scientist*
	Dr Robert Chanson	*Non-Executive Director*
	Thomas Isler	*Non-Executive Director*
	Samuel Wauchope	*Non-Executive Director*
Secretary	Catherine Sutton FCIS	
Registered Office	Minerva House 5 Montague Close London SE1 9BB	
Company number	05116780	
Auditors	BDO Stoy Hayward LLP 8 Baker Street London W1U 3LL	
Company Solicitors	Reed Smith Rambaud Charot LLP Minerva House 5 Montague Close London SE1 9BB	
Registrars	Capita Registrars The Registry 34 Beckenham Road Beckenham Kent BR3 4TU	
Brokers and Nominated Advisor	Evolution Securities Limited 100 Wood Street London EC2V 7AN	

Highlights

Plant Health Care was established in 1995 in Pittsburgh (Pennsylvania) in the United States. Its products are aimed at the horticulture, agriculture, turf grass, commercial landscaping, forestry and land reclamation industries. The directors believe the products are both environmentally beneficial and on the whole, more cost effective than synthetic chemical alternatives. Through the commercialisation of these products, Plant Health Care is capitalising on current long-term trends toward natural systems and biological products for plant care and soil and water management uses.

- Turnover up 19% to $10.2 million (2004: $8.6m)
- Gross profit up 37% to $5.0 million (2004: $3.7m)
- Gross profit margin 49% (2004: 42%)
- Loss before tax $2.9 million (2004: $2.9m)
- US distribution deals signed with major landscaping companies and organisations
- Mexican and European businesses grew 42% and 64% respectively
- New products launched to enhance offering to customers
- Positioned for changing legislation for the increased use of non-chemical products
- Current trading ahead of 2005
- Successful Myconate® trials
- Announced on 10 April 2006 capital fund raising of approximately £6.0 million (net of expenses) to support commercialisation of Myconate®

Chairman's statement

During 2005 Plant Health Care experienced a marked improvement in several key financial indicators. Sales grew 19% as a result of new distribution channels and new product offerings, and we improved our gross margins from 42% to 49%. Operating expenses stabilised in the second half of 2005 as we continued to operate at approximately the same cost level since our admission to AIM in July 2004. Although the net result for the full year was in line with 2004, the second half provided evidence of the growth in the business and improvement in profitability for which we have been investing.

Our agriculture-led businesses in Mexico and Europe experienced exceptional sales growth and the new products endorsed in those markets are now opening the door to the very significant US agricultural market. In our US landscaping business, new distribution and marketing agreements with some of the largest distributors in the market have built a solid platform for continued growth. Across all of our operating companies, our products are gaining market share and we are building brand awareness as a leading player in the rapidly emerging "green" market for sustainable growing practices.

In addition to this progress in our established businesses, in 2005 our new Myconate® technology, a crop yield enhancing application, continued to generate exceptional test results and is now ready for the first stages of commercial rollout.

Financial results

The full year results, which saw turnover for the year rising by 19% to $10.2 million and an operating loss of $2.8 million (2004: loss $2.6 million), mask a significant improvement in performance in the second half in comparison with the similar period last year. Second half turnover rose by 34% to $5.5 million and second half margins were 52% (2004: 42%), while overhead expenses increased by only 6%. The operating loss for the second half was $0.7 million (2004: loss $1.6 million). The Chief Executive's report, which follows this statement, provides more detail and background to this substantial improvement.

Plant Health Care's expansion

Of particular note in 2005 was the growth in our agriculture-led businesses in Mexico and Europe, which saw sales growth of 42% and 64% respectively. In Mexico, new distribution channels opened up new territories for us. In Europe, our new Spanish subsidiary was profitable in its first year of operation and we increased our presence in Italy and Greece. Complementing this growth in our geographic reach, we introduced two new products which have had an impact in the agricultural market. Pre-Tect™ and Sentry™ are attracting new business which allows us to present a full range of products for customer needs. In the UK, for example, PHC agricultural products hold leading positions in the UK high value agriculture market according to the Specialist Plant Growers Association. This proven range of products has enabled us to initiate discussions with major potential distributors and customers in the lucrative US agricultural market.

In the US landscaping business, our investments made in sales and marketing personnel are beginning to pay off. We have significant distribution and licensing deals with leading companies in the landscaping industry, including John Deere Landscapes and Ewing Irrigation, and expect these new arrangements to generate significant growth for us during 2006.

Chairman's statement
continued

Myconate®

Our strategy of producing "naturally better" products that are effective and economically attractive for the farmer and professional landscaper is now gaining traction in Plant Health Care's markets, worldwide. One of our core strengths is having the know-how to adapt and react to new opportunities. These skills were applied to the technology and intellectual property we secured when we acquired VAMTech LLC in 2004. Further development and extensive testing have now led to our unique and proprietary product, Myconate®, the potential of which is underwritten by the positive outcome of trials to date, conducted by independent farmers, agrichemical and seed coating companies worldwide. The directors believe Myconate® is now ready for commercialisation. We intend to launch Myconate® in controlled regional markets during 2006 and 2007, while continuing trials and pursuing discussions with the world's leading agrichemical and seed companies to seek agreements which would create worldwide distribution for this very exciting product.

To support the commercial roll-out of Myconate®, your Board announced today that it proposes to raise £6.5 million (before expenses) by way of a placing of 10,000,000 new ordinary shares at a price of 65 pence per share. The net proceeds of the placing will be used primarily to develop the market for Myconate®. This placing is conditional upon the approval of shareholders. A circular providing more background to, and details of, the placing and notice of the extraordinary general meeting to approve the placing is being sent to shareholders today.

Our people

The directors believe the management team at Plant Health Care has proven its strength by its ability to deal with an ever changing environment and its skill in collaborating with large and diverse companies. These skills have positioned the Company for rapid future growth. I would like to personally thank the management and staff for the hard work they have put into growing Plant Health Care over the past ten years. I would also like to thank all shareholders for their continued and valued support.

Outlook

I believe Plant Health Care is well on its way to establishing itself as the world's foremost provider of natural products which promote plant growth and health. Current trading conditions remain positive throughout Plant Health Care's businesses and the improvement in the second half of 2005 has continued into 2006. We view the future with confidence and look forward to our successful journey into the future together.

Dr Albert Fischer
Non-Executive Chairman

10 April 2006

Chief Executive's report

Financial results

Sales

2005 was a strong year for Plant Health Care as the Company experienced significant growth in all areas of its operations. Sales increased by 19% to $10.2 million (2004: $8.6 million), and more importantly second half sales increased by 34% to $5.5 million compared to the same period in 2004. 2005 was the first year in the Company's history that second half sales exceeded those of the first half. This is largely attributable to the accelerated growth of our agriculture businesses in Mexico and Europe which had exceptionally strong second half performances, penetrating new markets, adding new customers in existing markets and increasing sales to existing customers.

Sales breakdown and growth:

Year ended 31 December	*2005 $'000*	*2004 $'000*	*Increase*
US	6,503	6,154	*+6%*
Mexico	1,933	1,365	*+42%*
Europe	1,787	1,092	*+64%*
	10,223	8,611	*+19%*

Operating margins

A highlight of our 2005 operating performance was the improvement in our gross margin. The gross margin for 2005 was 49% compared with 42% in 2004. A sales focus on our higher margin products complemented production efficiencies from our re-located manufacturing facility to deliver this increase. Management believes this increase is not only sustainable, but with PHC's improved manufacturing efficiencies and closely managed raw material purchasing, can be further increased in 2006.

This combination of increasing sales and maintaining strong margins will be the key driver to the Company reaching profitability.

Operating costs

The operating costs (excluding exceptional costs) increased from $5.8 million in 2004 to $7.3 million in 2005 largely as a result of our earlier investments in sales and marketing personnel to drive our sales growth, and also the full year impact of operating as a public company, in particular the increased expenses for accounting, legal and other necessary compliance costs.

Exceptional costs in 2005 of $0.5 million relate to the transfer of the Company's manufacturing to a newer, more efficient facility and to the costs associated with changes in senior management.

Financing

In the year to 31 December 2005 the Company was financed primarily by equity – this has been the case since PHC's flotation and admission to AIM in July 2004. For the purposes of this analysis, the Company does not classify short-term debtors and creditors as financing instruments.

At 31 December 2005 the Company had cash and short-term investments of $1.1 million, and total borrowings of $0.8 million, of which $0.5 million related to interest-free notes payable arising from the acquisition of VAMTech LLC in October 2004. All borrowings were denominated in US dollars apart from some €25,000 of finance leases.

Chief Executive's report
continued

It is, and has been throughout the period under review, PHC's policy that no trading in financial instruments shall be undertaken.

Given the nature and small amounts of the Company's non-equity financing, PHC does not have established policies regarding interest, currency and liquidity risks but the Board considers each potential borrowing situation on a case-by-case basis as it arises.

Operational review

The Company's business is expanding in all market segments and geographic regions, with especially significant growth in our agriculture business.

Agriculture

During the 2005 year the Company continued to extend successfully its geographical reach outside its main landscaping market in the US.

In Mexico new distribution agreements led to sales increasing by 42% to $1.9 million (2004: $1.4 million).

We also signed new distribution agreements in Europe, launched new operations in Spain and expanded services in Italy and Greece. New products (see below) also played an important part. All of these activities fuelled strong sales growth in Europe, with revenue up by 64% to $1.8 million (2004: $1.1 million).

We see great potential for the Company from the lucrative agriculture market worldwide. In 2005 we saw strong growth in sales of two new products initially targeted at Europe. Pre-Tect™ and Sentry™ were developed in response to customer demand for natural solutions to protect crops and extend shelf life of produce:

- Sentry™ is a foliar leaf wash containing natural soaps that discourage fungal growth
- Pre-Tect™ is a foliar feed product that increases the growth of salad crops and also increases shelf life by up to five days.

The success with which these products have been introduced into the European market has exceeded our expectations. We now have agreements in place with the suppliers to a leading UK supermarket chain, which has stipulated the use of these products on all salad produce they purchase. It is our intention to commercialise Pre-Tect™ and our Organic Plant Food in the US during 2006, which we expect to increase sales in the important US agriculture market.

Landscaping and turf

Within the Company's US operations, the potential for our landscape business was aided by several significant business wins, with large strategic multi-branch distributors. These were:

- John Deere Landscapes: The Company signed a 10 year distribution agreement with John Deere Landscapes ("JDL") in August 2005. PHC is the exclusive provider of all biological products to JDL's 300+ wholesale landscape distribution centres. Additionally JDL and PHC will together offer an exclusive, innovative, industry-wide three-year tree and shrub warranty programme that incorporates the use of our Tree Saver product. The agreement calls for minimum purchases of $40 million over the life of the agreement in order for JDL to maintain exclusivity.

Chief Executive's report

continued

- Symbiot: The Company is now the exclusive provider of natural products to the Symbiot network of landscape contractors and distributors. This allows us access to the entire Symbiot community which numbers approximately 500 landscape contractors and a large number of distributors in the US.
- Ewing Irrigation: In September, we announced the addition of Ewing Irrigation as a distributor of the Company's turf, landscape and water management products through their network of 150 outlets. Ewing Irrigation is one of the largest distributors to golf courses in the USA.
- Ball Horticultural: In November 2005, we entered into a joint research agreement with Ball Horticultural Company ("Ball"), a world leader in the commercial development and production of ornamental plant and seed varieties. Ball has operations in 21 countries on six continents and is the largest horticultural seed company in the US. Under the agreement, we will provide products and expertise to assist Ball in the exploration of new production techniques using sustainable natural products and practices.

These developments further reinforce our position as a leader in the natural plant health and growth industry, and we continue to participate in discussions with several other biological based companies about forming strategic alliances or joint venturing opportunities.

Reclamation

Our reclamation business achieved profitability in 2005. It is expected to achieve some sales growth in 2006. However, given the potential the Company has in its other markets, PHC's efforts in 2006 will be channelled in those areas.

Retail

Following a major restructuring within the Scotts Group, it has declined to invest in, and pursue as planned, the joint project to deliver our natural products to its customer base. Accordingly we are negotiating the termination of our agreement with Scotts and seeking payment of monies due to us.

We have opened discussions with other major organisations targeting the retail market for natural plant health products.

Myconate®

In 2004 Plant Health Care purchased VAMTech LLC, a spin-off company from the University of Michigan specialising in the synthesis of *Formononetin*, a compound that stimulates the growth of mycorrhizal fungi already existing in the soil. The compound, whose brand name is PHC Myconate®, has been in extensive trials around the world on a variety of crops and in a variety of conditions. The results of these trials have now been received, confirming the Company's belief in Myconate's potential to significantly increase yields in row crops, specifically corn and soybeans, at a competitive price.

The results showed that Myconate® consistently improved the yield of row crops and higher value crops, such as tomatoes, in some cases by as much as 30%. The trials proved that Myconate® can be applied as a mix with fertilizer or as a coating applied directly to the seed. The spectacular increase in yield and the ease of application has led a number of

Chief Executive's report

continued

the world's top agrichemical and seed companies to carry out further tests in 2006 with a view to entering into commercial agreements with PHC regarding licensing and distribution.

The Board believes that Myconate® could generate a significant proportion of PHC's future revenues and that it is a major value driver. Accordingly, it intends to commit substantial resources towards the first phase of commercialising Myconate® in 2006 and 2007.

Strategy

The Company's strategy is to provide natural solutions for the farming and landscaping industry that the directors believe will be more effective than synthetic chemical alternatives. The strategy is driven by government legislation, the ever changing focus in market trends and needs and by the overwhelming drive of the Company to provide a natural alternative to the current chemical-based products available for agriculture, landscaping, reclamation and general plant welfare.

Worldwide legislation banning harmful chemicals in agriculture and horticulture, coupled with strong consumer demand for "greener" products, is resulting in the increasing acceptance and adoption of PHC's products. Europe, in particular, has seen recent legislation governing the way in which chemicals are used in farming. For example, in 2005 France removed the use of Syngenta's Gaucho, one of the world's most widely used pesticides, from agricultural distribution. The removal of such products creates a need for natural alternatives and represents an increasing opportunity for us in the agriculture (agribusiness) industry. It is with this in mind that the Company's future market emphasis is evolving towards agribusiness.

Plant Health Care is raising awareness of its brand on a global scale and has standardised its product names and packaging. The directors believe that the recent Myconate® trials have also been instrumental in achieving this aim, especially amongst the targeted agricultural/farming industries.

Outlook

While the US landscaping and horticultural markets generate the largest percentage of our turnover, the rapid growth of our agribusiness in Europe and Mexico will contribute significantly in our move towards future profitability. Our strength lies in our unique and proven products, our top level distribution agreements and the loyalty we command from our customers. The Board believes these elements will drive growth as we roll-out more products and sign up more partners.

The Board are particularly excited about the future of Myconate® which we believe will change the face of worldwide farming practices. The Board see Myconate® as representing a paradigm shift in agricultural practices as we introduce seed coating and fertilizer applied products that will allow farmers to significantly increase crop yields while also reducing the amount of chemical inputs. The success of the Myconate® trials has given us the confidence to commence commercialisation, first regionally in 2006 and subsequently on an international scale. The Board has planned increased investments for this market penetration and expect to see the first revenues from Myconate® by the end of 2006.

Chief Executive's report
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The Board is excited about the prospects for Plant Health Care. We clearly see a future of strong growth, new product launches and an increasing demand for our products. Whilst Plant Health Care's products are economically viable as well as being 'environmentally friendly', the market and legislative forces have created the opportunity for more sustainable farming and growing practices. Plant Health Care's products are at the forefront of this trend and we believe will make a difference in the complexion of our environment. It is going to be an exciting ride and we look forward to the future with confidence.

John Brady
Chief Executive

10 April 2006

Directors and Board Committees

Dr Albert Fischer (Non-executive Chairman) (48)

Dr Fischer is a citizen of the Netherlands. He joined the Group as non-executive chairman in 2001. Dr Fischer is currently Managing Partner of Planet Capital, a venture investment and advisory firm that he co-founded in 2002 that focuses on sustainable energy. Previously, he was a partner with Green Partners and PYMWYMIC, an investment firm that focused on businesses that integrate the values of a socially and environmentally sustainable society into their day-to-day business practices. Dr Fischer provides consulting and advisory services to early-stage companies with respect to corporate finance, fundraising and business planning and strategy.

Dr Fischer is a director of Social Venture Network Europe, a network of European enterprises and organisations dedicated to working according to sustainable business practices.

John Brady (Chief Executive) (51)

Mr Brady is a US national and joined the Group as Chief Executive in 2001. Mr Brady is responsible for implementing the Group's strategy and for management of the Group's operations.

Prior to joining the Group, Mr Brady was President and CEO of Alaska Seafood International, a seafood product manufacturing company. Prior to his position at Alaska Seafood, Mr Brady served as Executive Vice President, Operations, for Anderson Clayton Corp, one of the world's largest vertically integrated cotton companies. Mr Brady served at Anderson Clayton for 19 years.

Mr Brady holds an MBA degree with an emphasis in Finance from Arizona State University and a BA degree in Political Science from the University of Connecticut.

Dr Donald Marx (Chief Scientist) (69)

Dr Marx is a US national and was a founding director of the Group in 1995, following 37 years with the USDA Forest Service. As Chief Scientist Dr Marx oversees the Group's research programmes and works with the Group's partners and customers to explain and demonstrate to them the benefits of Plant Health Care's approach to plant management. He also manages the university and field-testing of Plant Health Care products, and chairs the Company's Scientific Advisory Board.

Dr Marx lectures extensively throughout the USA and abroad on soil ecology, plant physiology, mycorrhizal fungi and bacteria. He has authored more than 250 scientific papers in forest microbiology and has presented more than 400 invitational lectures in 28 countries as well as at most major universities in the USA, and has carried out research in 25 countries. As a result of his accomplishments, Dr Marx has received numerous awards, including the Marcus Wallenberg Prize (awarded by the King of Sweden), the Barrington Moore Award from the Society of American Foresters, the USDA Distinguished Science Award, the Superior Achievement Award from the US Department of Energy and the Congress Medal for Outstanding Achievement in Plant Protection from the International Congress of Plant Protection.

Walter Bratkowski (Finance Director) (51)

Mr Bratkowski is a US national. He was appointed to the Board on 3 March 2006, having served the Group as Chief Financial Officer since July 2005.

After a professional training with Peat, Marwick, Mitchell & Co, Mr Bratkowski held a variety of financial control and planning positions with the Westinghouse Corporation, Reese Brothers Inc and Tech Data Corporation. Most recently he was a consultant with Resources Connection of Pittsburgh, providing services covering strategic and financial planning, merger and acquisition analysis and Sarbanes Oxley compliance.

Mr Bratkowski has a BS in Management Science and Economics and an MBA from Carnegie Mellon University.

Directors and Board Committees

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Dr Robert Chanson (Non-executive director) (56)

Dr Chanson is a Swiss national. He joined the Board of the Group in 1995. He is a lawyer, politician and ecoinvestment consultant. In 1991 he founded Eco-Rating International Limited in Switzerland and since its inception has been Executive Chairman. He is also Chairman and CEO of Ambiocare Holdings Limited in Switzerland. Dr Chanson acts as a member of various advisory boards and committees in academic research, commerce and environmental conservation in Europe and the USA.

Thomas Isler (Non-executive director) (61)

Mr Isler is a Swiss national and joined the Board of the Group in 2001. Mr Isler has extensive experience in industry, international marketing and private and international banking. He is currently CEO of two privately owned Swiss companies operating textile mills, and is a director of several other Swiss companies, including Desco von Schulthess AG, an international trading house, and Bank Hofmann AG, a private bank. From 1987 to 2005, Mr Isler served as a Member of Parliament of the Canton of Zurich. He was also Mayor of Rüschlikon in Switzerland from 1978 to 1995.

Samuel Wauchope (Non-executive director) (54)

Mr Wauchope is a UK citizen and joined the Group as a non-executive director in June 2004. After a professional training as a chartered accountant with Arthur Andersen, Mr Wauchope's executive career has involved CEO and Executive Chairman positions in a number of UK listed companies, including Acorn Computer Group plc, Oceonics Group plc and Ultrasis plc. He has also served as a non-executive director on the boards of other fast-growing UK quoted companies, including Waste Recycling Group plc and Gall Thomson Environmental plc. Mr Wauchope is currently a non-executive director of Property Recycling Group plc, an AIM company specialising in the recovery of brownfield sites to economic use.

Board committees

The principal standing committees appointed by the Board are as follows:

Audit Committee

The Audit Committee is chaired by Sam Wauchope. Thomas Isler is also a member. The Committee provides a forum for reporting by the Group's auditors and reviews the Group's budget and its interim and final financial statements before their submission to the Board. The Committee also monitors the Company's internal control and risk management practices and reports to the Board on these. The Committee advises the Board on the appointment of external auditors and on their remuneration both for audit and non audit work. It also discusses the nature and scope of the audit with the auditors.

Remuneration Committee

The Remuneration Committee is chaired by Thomas Isler and includes Albert Fischer, Robert Chanson and Sam Wauchope as members. The Committee is responsible for determining the contract terms, remuneration and other benefits for executive directors. Its policy is to ensure the Group's remuneration arrangements are in line with best practice, through a process of regular review. The Committee may take independent specialist advice to assist it in its work. When required the Committee is also involved in the selection process for executive directors and approves remuneration before a final offer is made. The remuneration report is set out on pages 16 to 19.

Corporate governance statement

In July 2003, the Financial Reporting Council published the Principles of Good Governance and the Code of Best Practice ("the Combined Code").

Since admission to AIM, Plant Health Care plc has taken note of the Combined Code and has applied its principles of corporate governance commensurate with the Company's size, notwithstanding that the rules of the London Stock Exchange do not require companies that have securities traded on AIM to formally comply with the Combined Code.

The Board is accountable to the Company's shareholders for good governance and the statement set out below describes how the principles identified in the Combined Code are applied.

Board composition

The Board comprises a non-executive chairman, three executive directors and three other non-executive directors.

The Board considers all of the non-executives to be independent in judgment and character, while acknowledging the following departures from the Combined Code's anticipated criteria for independence:

i) While serving as non-executive directors of Plant Health Care, Inc., Albert Fischer, Robert Chanson and Thomas Isler were granted options for their services to that company. At flotation, these options were exchanged for options in Plant Health Care plc. The Company will not make any further awards of options to non-executive directors.

ii) Robert Chanson was first appointed to the Board of the Group in 1995. He has therefore now served as a director of the Group for over the recommended maximum of nine years.

Biographies of the Board members appear on pages 11 and 12. These indicate the high levels and range of business experience which is essential to oversee effectively a business of the size, complexity and geographical spread of the Group. Concerns relating to the executive management of the Company or the performance of the non-executive directors can be raised in confidence by contacting the independent directors through the Company Secretary.

Board Committees:

The Board has established Audit and Remuneration Committees, as described on page 12. No separate Nominations Committee has been established; the full Board would act as such a committee were changes to the Board of directors proposed.

Workings of the Board

The Board meets on a pre-scheduled basis eight times each year and more frequently when business needs require. The Board has a schedule of matters reserved to it for decision and the requirement for Board approval on these matters is communicated widely throughout the senior management of the Group. The schedule includes matters such as: approval of the Group's strategic plan; extension of the Group's activities into new business or geographic areas; any decision to cease to operate all or any material part of the Group's business; changes relating to the Group's capital structure; major (over $1 million) bids by PHC Reclamation; contracts that are material strategically or by reason of size; investments including the acquisition or disposal of interests in the voting shares of any company or the making of any takeover offer; and the prosecution, defence, or settlement of litigation material to the Group.

Corporate governance statement

continued

There is an agreed procedure for directors to take independent professional advice if necessary at the Company's expense. This is in addition to the access which every director has to the Company Secretary. The Secretary is charged by the Board with ensuring that Board procedures are followed.

The differing roles of Chairman and Chief Executive are acknowledged and defined in separate statements approved by the Board. The key functions of the Chairman are to conduct Board meetings and meetings of shareholders and to ensure that all directors are properly briefed in order to take a full and constructive part in Board discussions. The Chief Executive is required to develop and execute business strategies and processes to enable the Group's business to meet the requirements of its shareholders.

To enable the Board to function effectively and allow directors to discharge their responsibilities, full and timely access is given to all relevant information. In the case of Board meetings, this consists of a comprehensive set of papers, including regular business progress reports and discussion documents regarding specific matters.

The Board conducted an external Board Performance Evaluation during the year in line with the requirements of the Combined Code. The Board intends to implement certain of the recommendations which arose from this review.

Re-election of Directors

Any director appointed during the year is required under the provisions of the Company's articles of association to retire and seek election by shareholders at the next annual general meeting. The articles also require that one-third of the directors retire by rotation each year and seek re-election at the annual general meeting. The directors required to retire will be those in office longest since their previous re-election.

Remuneration of Directors

A statement of the Company's remuneration policy and full details of directors' remuneration are set out in the Remuneration Report on pages 16 to 19. Executive directors abstain from any discussion or voting at full Board meetings on Remuneration Committee recommendations where the recommendations have a direct bearing on their own remuneration package.

Communication

The Company places a great deal of importance on communication with its shareholders. The Company publishes an interim statement as well as its full year report and accounts. Both are mailed to all shareholders and upon request to other parties who have an interest in the Group's performance. Regular communication with shareholders also takes place via the Company website *www.planthealthcare.com.*

There is regular dialogue with major shareholders as well as general presentations after the interim and preliminary results. From time to time, these meetings involve the non-executive chairman or other non-executive directors. All shareholders have the opportunity to put questions at the Company's annual general meeting and the Chief Executive Officer makes a presentation at the meeting to highlight the key business developments during the financial year.

Internal controls and risk management

The directors are responsible for the Group's system of internal control and for reviewing its effectiveness. However, such a system can provide only reasonable, but not absolute, assurance against material misstatement or loss.

Corporate governance statement

continued

The directors recognise that the Group is ambitious and seeking significant growth. There is an on-going process in place to review regularly the control systems across the Group to ensure that they develop in anticipation of this growth. Twice a year, prior to the announcement of the Group's interim and preliminary financial results, the Finance Director presents to the Board for discussion and approval a summary of the key internal controls in place during the prior period and proposals for enhancements to these controls in the forthcoming period. Based on this process, the directors believe that the Group has internal control systems in place appropriate to its size and nature.

The Board also has in place a formal ongoing process for identifying, evaluating and managing the significant risks faced by the Group, which complies with the guidance provided by the document: *Internal Control: Guidance for Directors on the Combined Code*.

The Company does not maintain an internal audit function. The directors do not believe such a function is justified in terms of the scale of the Group or the costs involved.

External audit matters

Independence

The Audit Committee has sole responsibility for assessing the independence of the external auditors, BDO Stoy Hayward LLP. The Committee has had due regard to the document published in May 2003 by the Institute of Chartered Accountants in England and Wales 'Reviewing Auditor Independence: Guidance for Audit Committees'. Each year the Committee:

- Seeks reassurance that the external auditors and their staff have no family, financial, employment, investment or business relationship with the Company. To this end the Committee requires the external auditor and their associates to confirm this in writing, and detail the procedures which the auditor has carried out in order to make this confirmation.
- Checks that all partners engaged in the audit process are rotated at least every five years.
- Assesses the likely impact on the auditors' independence and objectivity before awarding them any contract for additional services. It is Company policy to require Audit Committee approval for all non-audit services provided by the independent auditors.
- Has as a standing agenda item auditor independence issues at each Audit Committee meeting.

Remuneration committee report

The Remuneration Committee is chaired by Thomas Isler and includes Albert Fischer, Robert Chanson and Sam Wauchope as members. All are non-executive directors. The Committee is responsible for determining the contract terms, remuneration and other benefits of the executive directors and of the Chairman. The Committee may also call on outside compensation experts as required.

Remuneration policy

It is Group policy to set directors' remuneration levels to attract the quality of individual that the Group will require to succeed in its chosen objectives.

It is also Group policy to ensure that there is a strong link between the level of executive directors' remuneration and the performance of the Group in achieving its goals.

At the forthcoming annual general meeting, shareholders will be given the opportunity to ask the Chairman of the Remuneration Committee, Thomas Isler, questions on any aspect of the Group's remuneration policy.

Elements of remuneration – executive directors

The following comprise the principal elements of executive directors' remuneration:

- Basic salaries and benefits
- Annual bonus
- Share options
- Pension contributions

Basic salary and benefits

Salaries are reviewed (but not necessarily increased) annually by the Committee. As the level of each individual director's remuneration can be significantly augmented through performance related bonuses, only in exceptional circumstances will the Committee consider an increase in excess of the general rate of wage inflation for the United States. Where such an increase has been awarded the Committee will publish the reasons behind their decision in the Remuneration Report.

In addition to basic salary, each executive director is entitled to the following main benefits:

- 15 days holiday per annum;
- coverage under the Company's health insurance plans or a cash payment to cover the director's cost of acquiring medical insurance; and
- coverage under the Company's long term and short term disability and group term life insurance plans.

Annual bonus

Annual bonuses are payable to each executive director based on achievement of financial, strategic and sustainability objectives, both corporate and personal. For 2005 the directors had bonus potential of between 15 and 40% of their basic salaries: for 2006, the figures are between 25 and 50%. This ensures that there is a significant element of "at risk" pay, which is only available when good results are achieved. In addition, 25% of any annual bonus earned is retained as a long-term incentive and is released after six months only if the director is still employed by the Company.

Remuneration committee report
continued

Share option schemes

Prior to the formation of Plant Health Care plc, the executive directors participated in the Plant Health Care, Inc. Incentive Stock Option plans. Under these plans, options were periodically awarded at the discretion of the Board of directors of that company. These plans were effectively frozen at the time of admission to AIM. Outstanding options in Plant Health Care, Inc. were converted into options in Plant Health Care plc bearing the same rights *mutatis mutandis* as under the Plant Health Care Inc. scheme. No further awards of options will be made under the Plant Health Care, Inc. plans.

In July 2004 the Board of directors adopted the Plant Health Care plc Unapproved Share Option Scheme 2004. Under this scheme the Board may grant options at an exercise price of not less than the market value of a share on the date of award. Options may normally be exercised between three and ten years from grant. The Company may issue options up to the greater of 3% of its issued share capital or such number as, when aggregated with any outstanding options converted from the Plant Health Care, Inc. plans described above, amounts to no more than 10% of the issued share capital of the Company.

Pension Plan

Each of the executive directors is entitled to participate in the Plant Health Care, Inc. 401(k) Plan. This is a defined contribution plan approved by the US Internal Revenue Service. The main features of the plan are:

- Participation is open to all US-based employees who have completed a probationary period after initial employment;
- Employees may contribute a percentage of salary to the plan through a payroll withholding scheme;
- The Company contributes an amount equal to 3% of compensation for all employees eligible to participate;
- Vesting of Company contributions is 20% after two years of service, with further vesting in 20% annual increments until vesting is complete; and
- The plan is subject to various statutory non-discrimination tests to ensure that it does not favour highly-compensated employees.

Elements of remuneration – non-executive directors

The remuneration for non-executive directors consists solely of fees for their services in connection with the Board and Board committees. Sam Wauchope receives 100% of his fees in cash. The other non-executive directors, including the Chairman, receive 50% of their fees in cash and 50% in the form of the Company's ordinary shares.

Prior to the creation of Plant Health Care plc, the then non-executive directors participated in the Plant Health Care, Inc. Incentive Stock Option plans described above. Albert Fischer, Robert Chanson and Thomas Isler hold such options (now converted to options over shares in Plant Health Care plc). No options have been granted to non-executives since the formation of Plant Health Care plc and no further options will be granted to non-executives.

Remuneration committee report

continued

Service contracts

The Company has service contracts with all executive and non-executive directors. Provisions included in the service contracts for executive directors include:

- Termination may be initiated by either party with twelve months' notice;
- If the Company terminates other than for cause, the individual is entitled to a payment equal to the basic salary that would have been paid during the balance of the notice period plus a payment equal to salary to the effective date of termination, payment for accrued but unused vacation, any incentive compensation due and *pro rata* cash bonus for the year to date (if targets are being met); and
- In the event of termination for cause, the individual would receive only base salary through the date of termination and accrued vacation pay. "For cause" includes fraud or felonious conduct; embezzlement or misappropriation of Company funds or property; refusal, misconduct in or disregard of the performance of the individual's duties and obligations; abandonment or voluntary resignation; death, retirement or permanent disability.

For non-executive directors:

- Termination is on not less than one month's written notice, to expire at any time; and
- Directors may be terminated with immediate effect for serious breach or repeated or continued material breach of any obligations to the Company; any act of dishonest or serious misconduct or conduct which tends to bring the director or the Company into disrepute; or a declaration of bankruptcy.

In addition to the above, the Company's articles of association require that at least one-third of the directors retire by rotation at each annual general meeting. Such retiring directors are eligible for re-election.

Directors' remuneration

The remuneration of the individual directors who served during the year was as follows:

	Base salary and fees $'000s	*Performance related bonus $'000s*	*Pensions $'000s*	*Other $'000s*	*Compensation for loss of office $'000s*	*Total 2005 $'000s*	*Total 2004 $'000s*
Executive:							
J Brady	200	—	6	5	—	211	246
D Marx	135	—	4	8	—	147	162
S Whitcomb*	92	—	3	—	149	244	189
Non-executive:							
A Fischer	58	—	—	—	—	58	36
R Chanson	49	—	—	—	—	49	50
T Isler	49	—	—	—	—	49	31
S Wauchope	49	—	—	3	—	52	26
	632	—	13	16	149	810	740

* *Resigned 21 July 2005*

Remuneration Committee report

continued

Directors' share options

The Company maintains an Unapproved Share Option Scheme that was adopted in July 2004. Walter Bratkowski, who was appointed to the Board on 3 March 2006, was granted 100,000 options under this scheme on 31 October 2005, at which time he was Group Chief Financial Officer. The options have an exercise price of 62p and are exercisable from 31 October 2008 to 30 October 2015, with vesting subject to performance conditions related to Total Shareholder Return.

No other director has been granted options under this scheme.

Certain directors have share options granted under the 2001 Incentive Stock Option Plan previously maintained by Plant Health Care, Inc. Upon admission to AIM, options outstanding under this plan were converted into options to acquire shares of Plant Health Care plc. Share options of directors under this plan are set out in the following table. All these options are currently exercisable.

	Outstanding at 31 December 2005	*Exercise price £*	*Expiry Date*
A Fischer	37,500	0.37	18 November 2011
	37,500	0.37	18 November 2012
	37,500	0.37	1 March 2014
	75,000	0.74	23 March 2014
	37,500	0.37	14 June 2014
J Brady	525,000	0.37	20 August 2011
	918,975	0.37	4 March 2014
	56,025	0.71	4 March 2014
D Marx	149,999	0.37	17 December 2012
	565,762	0.37	4 March 2014
	34,237	0.71	4 March 2014
R Chanson	37,500	0.37	18 November 2011
	37,500	0.37	18 November 2012
	37,500	0.37	1 March 2014
	60,000	0.74	23 March 2014
	37,500	0.37	14 June 2014
T Isler	37,500	0.37	18 November 2011
	37,500	0.37	18 November 2012
	37,500	0.37	1 March 2014
	52,500	0.74	23 March 2014
	37,500	0.37	14 June 2014
	2,887,498		

112,500 options at 74p previously held by D Marx lapsed on 31 December 2005. There were no other movements in the above holdings during 2005 or to the date of this report.

During the year, the Company's share price on AIM ranged between 32p and 66p. At 31 December 2005, the share price was 65.5p.

Report of the directors

for the year ended 31 December 2005

The directors present their report together with the audited financial statements for the year ended 31 December 2005.

Results and dividends

The results of the Group for the year are set out on page 25 and show a loss for the year of $3,023,000 (2004: $2,946,000).

The directors recommend that no dividend be paid at this time.

Principal activities, review of business and future developments

Details of the principal activities and a review of business and future developments are included in the Chief Executive's report on pages 6 to 10.

Directors

The directors of the Company at the end of the year and their beneficial interests in the ordinary share capital of the Company and options to purchase ordinary shares of the Company were as follows.

	At 31 December 2004		***At 31 December 2005***	
	Shares	*Options*	***Shares***	***Options***
A Fischer	89,062	225,000	**127,574**	**225,000**
J Brady	—	1,500,000	**—**	**1,500,000**
D Marx	578,815	862,498	**578,815**	**749,998**
R Chanson	35,166	210,000	**35,166**	**210,000**
T Isler	235,103	202,500	**388,424**	**202,500**
S Wauchope	—	—	**30,000**	**—**

Steven Whitcomb resigned as a director on 21 July 2005.

Walter Bratkowski was appointed to the Board as Finance Director on 3 March 2006. He holds 100,000 options granted when he was Group Financial Controller. There have been no other changes in Directors' interests from 1 January 2006 to the date of this report.

Further details of the directors' share options are shown in the Remuneration Report on page 19.

None of the directors has any holding in any subsidiary company, nor any material interest in the transactions of the Group.

Substantial shareholders

On 3 April 2006, the Company had been notified of the following holdings representing in excess of 3% of the Company's ordinary shares:

Name	*Shares held*	*Percentage of issued share capital*
Funds managed by Gartmore Investment Management plc	3,009,560	10.0
Branco Weiss	2,196,954	7.3
Donald B. Stott	1,115,241	3.7
3i Smaller Quoted Companies Trust plc	960,000	3.2

Research and development

The Group continues to invest in research and development activities with an emphasis on the commercialisation of existing technologies and formulation of products to meet specific customer needs.

Report of the directors continued

for the year ended 31 December 2005

Payment of creditors

The Company follows the practices customary in the various geographic areas in which it operates. Terms of payment are established with suppliers when agreeing the terms of each transaction. As of 31 December 2005, creditor days outstanding stood at 67.

Charitable and political contributions

During the year the Group made the following contributions:

	2005	2004
	$	$
Charitable	10,000	1,000

Board meetings

During the year the Board held thirteen meetings. All of the directors attended all meetings except for Albert Fischer and Thomas Isler who both attended twelve meetings. During the year the Audit Committee met six times and the Remuneration Committee met twice. All Committee members were in attendance.

Post balance sheet event

The Company announced on 10 April 2006 that it proposes to raise £6.5 million (before expenses) by way of a placing of 10,000,000 new ordinary shares at a price of 65 pence per share. The net proceeds of the placing will be used primarily to develop the market for Myconate®. This placing is conditional upon the approval of shareholders. A circular giving more background to, and details of, the placing and notice of the extraordinary general meeting to approve the placing is being sent to shareholders on 10 April 2006.

Annual general meeting

At the forthcoming annual general meeting of the Company, a resolution will be put forward to re-elect Walter Bratkowski, who was appointed to the Board since the last annual general meeting, as a director.

Resolutions will also be put forward to re-elect Thomas Isler and Sam Wauchope (who retire by rotation) as directors, and to re-appoint BDO Stoy Hayward LLP as auditors to the Company.

The notice of meeting, including a full list of resolutions proposed, is set out on pages 45 and 46.

By Order of the Board

Catherine Sutton
Company Secretary

10 April 2006

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and Group and of the profit or loss of the Group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The directors are also responsible for preparation of the Directors' Report and other information included in the annual report of the Company.

Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Independent auditors' report

To the shareholders of Plant Health Care plc

We have audited the Group and parent company financial statements of Plant Health Care plc for the year ended 31 December 2005 which comprise the Group profit and loss account, the Group and Company balance sheets, the Group cash flow statement, the Group statement of total recognised gains and losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the Statement of directors' responsibilities the Company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Report of the directors is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Chairman's Statement, the Chief Executive's Report, the Corporate Governance Statement, the Remuneration Committee Report and the Report of the Directors. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Independent auditors' report

continued

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Group's and the parent company's affairs as at 31 December 2005 and of the Group's loss for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

BDO Stoy Hayward LLP
Chartered Accountants
and Registered Auditors
London

10 April 2006

Consolidated profit and loss account

for the year ended 31 December 2005

	Note	2005 $'000	2004 $'000
Turnover	2	**10,223**	8,611
Cost of sales		**(5,219)**	(4,952)
Gross profit		**5,004**	3,659
Administrative expenses		**(7,847)**	(6,284)
Operating loss	3	**(2,843)**	(2,625)
Other interest receivable and similar income		**64**	44
Interest payable and similar charges	6	**(96)**	(299)
Loss on ordinary activities before taxation		**(2,875)**	(2,880)
Taxation	7	**(121)**	(52)
Loss on ordinary activities after taxation		**(2,996)**	(2,932)
Minority interest		**(27)**	(14)
Loss for the period		**(3,023)**	(2,946)
Basic and diluted loss per share	8	**(10.1)¢**	(14.0)¢

All amounts relate to continuing activities.

The notes on pages 30 to 44 form part of these financial statements.

Consolidated statement of total recognised gains and losses for the year ended 31 December 2005

	2005 $'000	2004 $'000
Loss for the financial year	**(3,023)**	(2,946)
Exchange translation differences on consolidation	**(21)**	43
Total recognised gains and losses for the year	**(3,044)**	(2,903)

The notes on pages 30 to 44 form part of these financial statements.

Consolidated balance sheet

at 31 December 2005

	Note	2005 $'000	2004 $'000
Fixed assets			
Intangible assets	10	**2,769**	2,810
Tangible fixed assets	11	**790**	453
		3,559	3,263
Current assets			
Stocks	14	**1,582**	1,124
Debtors	15	**2,989**	2,192
Short term investments		**252**	—
Cash at bank and in hand		**894**	4,812
		5,717	8,128
Creditors: amounts falling due within one year	16	**(3,332)**	(1,771)
Net current assets		**2,385**	6,357
Total assets less current liabilities		**5,944**	9,620
Creditors: amounts falling due after more than one year	16	**(523)**	(615)
Net assets		**5,421**	9,005
Capital and reserves			
Called-up share capital	18	**542**	538
Share premium	19	**10,847**	10,700
Merger reserve	19	**11,195**	11,913
Profit and loss account	19	**(17,353)**	(14,309)
Shareholders' funds – equity	20	**5,231**	8,842
Minority interests – equity		**190**	163
		5,421	9,005

The financial statements were approved and authorised for issue by the Board on 10 April 2006.

J Brady
Director

The notes on pages 30 to 44 form part of these financial statements.

Company balance sheet

at 31 December 2005

	Note	2005 $'000	2004 $'000
Fixed assets			
Fixed asset investments	12	**23,791**	20,959
Current assets			
Debtors	15	**16**	24
Cash at bank and in hand		**181**	4,217
		197	4,241
Creditors: amounts falling due within one year	16	**(290)**	(123)
Net current (liabilities)/assets		**(93)**	4,118
Net assets		**23,698**	25,077
Capital and reserves			
Called-up share capital	18	**542**	538
Share premium	19	**10,847**	10,700
Merger reserve	19	**14,453**	14,453
Profit and loss account	19	**(2,144)**	(614)
Shareholders' funds – equity	20	**23,698**	25,077

The financial statements were approved and authorised for issue by the Board on 10 April 2006.

J Brady
Director

The notes on pages 30 to 44 form part of these financial statements.

Consolidated cash flow statement

for the year ended 31 December 2005

	Note	2005 $'000	2004 $'000
Net cash outflow from operating activities	23	**(2,833)**	(3,256)
Returns on investments and servicing of finance			
Interest paid: Other		**(66)**	(192)
Interest paid: Finance leases		**(19)**	(13)
Interest received		**64**	44
Net cash outflow from returns on investments and servicing of finance		**(21)**	(161)
Taxation			
Foreign income tax paid		**(39)**	(45)
Capital expenditure and financial investment			
Purchase of tangible fixed assets	11	**(549)**	(217)
Proceeds on sale of fixed assets		**21**	—
Purchase of licences		**—**	(37)
Purchase of short-term investments		**(252)**	—
Net cash outflow from capital expenditure and financial investment		**(780)**	(254)
Acquisition of subsidiary			
Purchase of subsidiary undertaking		**—**	(1,986)
Cash outflow before financing		**(3,673)**	(5,702)
Financing			
Issue of ordinary shares for cash		**—**	10,386
Exercise of warrants		**—**	205
Increase of convertible redeemable loan stock		**—**	775
Issue of new borrowings		**98**	25
Redemption of convertible redeemable loan stock		**—**	(1,000)
Repayment of borrowings		**(148)**	(212)
Repurchase of minority interest's shares by subsidiary	12	**(309)**	—
		(359)	10,179
(Decrease)/Increase in cash	24, 25	**(4,032)**	4,477

The notes on pages 30 to 44 form part of these financial statements.

Notes forming part of the financial statements

for the year ended 31 December 2005

1. Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting policies.

The principal accounting policies are:

Basis of preparation

The financial statements have been prepared under UK GAAP and are presented in US dollars. The directors believe that it is more appropriate to use US dollars as a currency for presentation, given that the majority of the Group's operations are denominated in that currency.

Basis of consolidation

On 6 July 2004 Plant Health Care plc became the legal parent company of Plant Health Care, Inc. in a share for share transaction. The former shareholders of Plant Health Care, Inc. became the majority shareholders of Plant Health Care plc. Further, the continuing operations and executive management of Plant Health Care plc were those of Plant Health Care, Inc. Accordingly, the substance of the combination was that Plant Health Care, Inc. acquired Plant Health Care plc in a reverse acquisition.

Under the requirements of the Companies Act 1985, it would normally be necessary for the consolidated accounts of Plant Health Care plc to follow the legal form of the business combination. In that case the pre-combination results would be those of Plant Health Care plc, which would exclude Plant Health Care, Inc. Plant Health Care, Inc. would then be brought into the Group from 6 July 2004. However, this would portray the combination as an acquisition of Plant Health Care, Inc., and would, in the opinion of the directors, fail to give a true and fair view of the substance of the business combination. Accordingly, the directors have adopted reverse acquisition accounting as the basis of consolidation in order to give a true and fair view.

As a consequence of applying reverse acquisition accounting, the results for the comparative period ended 31 December 2004 comprise the results of Plant Health Care, Inc. for the period ended 31 December 2004 plus those of Plant Health Care plc from 6 July 2004, the acquisition date.

Goodwill

Goodwill arising on an acquisition of a subsidiary undertaking is the difference between the fair value of the consideration paid and the fair value of the assets and liabilities acquired. It is capitalised and amortised through the profit and loss account over the directors' estimate of its useful economic life of 15 years. Impairment tests on the carrying value of goodwill are undertaken:

- at the end of the first full financial year following acquisition; and
- in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Licences

Licences are recorded at cost or fair value and are amortised through the profit and loss account over the directors' estimate of their useful economic lives ranging from 10 to 12 years.

Notes to the financial statements continued

for the year ended 31 December 2005

1. Accounting policies continued

Turnover

Turnover represents sales to external customers at invoiced amount less value added tax or local taxes on sales. Sales are recognised at the point that the customer takes legal title to the goods sold.

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets over their expected useful lives. It is calculated at the following rates:

Leasehold improvements	—	over length of lease
Production machinery	—	10 – 20% per annum
Office equipment	—	20 – 33% per annum
Vehicles	—	20% per annum

Stocks

Stocks are valued at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less further costs to completion and disposal.

Foreign currency

Foreign currency transactions of individual companies are translated at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rate of exchange ruling at the balance sheet start date. Any differences are taken to the profit and loss account.

The results of non-US operations are translated into US Dollars at the average rates of exchange during the year and their balance sheets translated at the rates of exchange ruling on the balance sheet date. Translation differences are taken directly to reserves.

Financial Instruments

In relation to the disclosures made in note 17, short term debtors and creditors are not treated as financial assets or financial liabilities.

The Group does not trade in derivative financial instruments.

Deferred consideration, in the form of non-interest bearing notes payable, are accounted for at net present value using a market discount rate of 5.61% per annum. Amortisation of this discount is charged to interest expense over the life of the notes.

Research and development

All research and development costs are charged to the profit and loss account in the year in which they are incurred.

Deferred taxation

Deferred tax balances are recognised in respect of timing differences that have originated but not reversed by the balance sheet date. However, where there is uncertainty over the timing of their realisation, deferred tax assets are not recognised.

Notes to the financial statements continued

for the year ended 31 December 2005

1. Accounting policies continued

Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding lease commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account.

Lease payments are analysed between capital and interest components. The interest element of the payment is charged to the profit and loss account over the period of the lease and is calculated so that it represents a constant proportion of the balances of capital repayments outstanding. The capital element reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account.

2. Segmental analysis

	2005 Turnover $'000s	***2005 Pre-tax profit/ (loss) $'000s***	***2005 Net assets/ (liabilities) $'000s***	*2004 Turnover $'000s*	*2004 Pre-tax profit/ (loss) $'000s*	*2004 Net assets/ (liabilities) $'000s*
Analysis by geographic market (by origin)						
USA	**6,503**	**(1,276)**	**(634)**	6,154	(1,471)	756
Mexico	**1,933**	**257**	**765**	1,365	123	628
Europe	**1,787**	**71**	**(589)**	1,092	(66)	(700)
Corporate	**—**	**(1,927)**	**5,879**	—	(1,466)	8,321
	10,223	**(2,875)**	**5,421**	8,611	(2,880)	9,005

Notes to the financial statements continued

for the year ended 31 December 2005

3. Operating loss

	2005 $'000s	2004 $'000s
Operating loss is arrived at after charging:		
Research and development	**295**	170
Depreciation	**190**	150
Amortisation	**41**	41
Operating lease expense	**399**	365
Auditors' remuneration		
– audit services	**167**	151
– non audit services	**19**	3*
Exceptional costs:		
Plant relocation	**280**	189
Staff reorganisation	**223**	—
IPO costs	**—**	247
	503	436

* In 2004, the auditors were also paid $393,000 in relation to the Company's admission to AIM; these fees were capitalised.

Plant relocation expenses comprise a provision for the relocation of the Pittsburgh, Pennsylvania manufacturing facility.

4. Employees

Staff costs for all employees, including executive directors, comprise:

	Group		Company	
	2005 $'000s	2004 $'000s	2005 $000's	2004 $000's
Wages and salaries	**3,602**	3,034	**394**	—
Social security and payroll taxes	**394**	243	**24**	—
Medical and other benefit plans	**402**	217	**42**	—
	4,398	3,494	**460**	—

In 2004, the Company had no employees.

The average number of employees of the Group during the year, including executive directors, was as follows:

	Group		Company	
	2005	2004	2005	2004
Management	**8**	7	**4**	—
Sales	**24**	20	**—**	—
Production and technical services	**15**	12	**—**	—
Administration	**21**	20	**—**	—
	68	59	**4**	—

Notes to the financial statements continued

for the year ended 31 December 2005

5. Directors' remuneration

	2005 $'000s	2004 $'000s
Directors' emoluments	**648**	733
Pension contributions	**13**	7
Compensation for loss of office	**149**	—
	810	740

Further disclosures on the remuneration of each individual director are included in the Remuneration Report.

Total emoluments paid to the highest paid director were $211,000 (2004: $246,000). The amount paid includes a pension contribution of $6,000 (2004: $3,000).

The three executive directors who served during the year were eligible to participate in the Group's 401(K) retirement plan (Note 21).

6. Interest payable and similar charges

	2005 $'000s	2004 $'000s
On convertible redeemable loan stock	—	154
On finance leases	**40**	33
Other interest and finance charges	**56**	112
	96	299

7. Taxation on loss from ordinary activities

The taxation charge for the year comprises:

	2005 $000s	2004 $000s
Corporation tax:		
Current tax charge on loss for the period	**(121)**	(52)
Deferred tax:		
Origination and reversal of timing differences	—	—
Taxation on loss on ordinary activities	**(121)**	(52)

The differences between the Group's current tax shown above and the amount calculated by applying the Group's standard rate of expected corporation tax are as follows:

	2005 $000s	2004 $000s
Loss on ordinary activities before tax	**(2,875)**	(2,880)
Expected tax credit on loss on ordinary activities	**863**	864
Losses in year not relieved against current tax	**(984)**	(916)
Tax charge for period	**(121)**	(52)

Notes to the financial statements continued
for the year ended 31 December 2005

7. Taxation on loss from ordinary activities continued

The Group has significant tax losses available for carry-forward in several of the jurisdictions in which it operates. The tax charge in future periods may be affected by the utilisation of a deferred tax asset of approximately $6,400,000 (2004: $5,423,000) in respect of timing differences relating to losses, not currently recognised as there is insufficient evidence related to the recoverability of the asset. Future utilisation of these losses is subject to suitable profits arising in the appropriate tax jurisdictions.

8. Loss per share

Loss per ordinary share has been calculated using the weighted average number of shares in issue during the relevant financial periods. The weighted average number of equity shares in issue is 30,048,252 (2004: 21,014,576) and the loss after tax and minority interests is $3,023,000 (2004: $2,946,000). The weighted average number of shares outstanding for 2004 prior to admission to AIM has been adjusted to reflect the exchange of shares of Plant Health Care, Inc. for those of Plant Health Care plc.

9. Loss for the financial year

The Company has taken advantage of the exemption allowed under section 230 of the Companies Act 1985 and has not presented its own profit and loss account in these financial statements. The Group loss for the year includes a loss after tax of $1,530,000 (2004: $614,000) which is dealt with in the financial statements of the parent company.

10. Intangible assets

	Group		
	Licences $'000s	*Goodwill on consolidation $'000s*	*Total $'000s*
Cost			
At 1 January and 31 December 2005	2,586	536	3,122
Amortisation			
At 1 January 2005	—	312	312
Provision for the year	5	36	41
At 31 December 2005	**5**	**348**	**353**
Net book value			
At 31 December 2005	**2,581**	**188**	**2,769**
At 1 January 2005	2,586	224	2,810

Notes to the financial statements continued

for the year ended 31 December 2005

11. Tangible assets

	Group Leasehold improvements $'000s	Production machinery $'000s	Office equipment $'000s	Vehicles $'000s	Total $'000s
Cost					
At 1 January 2005	137	620	577	238	1,572
Additions	52	133	263	101	549
Disposals	(4)	(5)	—	(28)	(37)
At 31 December 2005	**185**	**748**	**840**	**311**	**2,084**
Depreciation					
At 1 January 2005	134	452	442	91	1,119
Provision for the year	3	41	88	58	190
On disposals	(1)	(3)	—	(11)	(15)
At 31 December 2005	**136**	**490**	**530**	**138**	**1,294**
Net book value					
At 31 December 2005	**49**	**258**	**310**	**173**	**790**
At 1 January 2005	3	168	135	147	453

The net book value of tangible fixed assets includes an amount of $173,000 (2004: $80,000) in respect of assets held under finance leases. Depreciation expense includes an amount of $31,000 (2004: $13,000) in respect of assets held under finance leases.

12. Investments

	Company Shares in Group undertakings $'000s	Loans to Group undertakings $'000s	Total $'000s
Cost			
At 1 January 2005	15,251	5,708	20,959
Additions	42	2,790	2,832
At 31 December 2005	**15,293**	**8,498**	**23,791**

The directors do not consider that any provision is required against the cost of these investments.

On 25 April 2005, Plant Health Care, Inc, a majority-owned subsidiary of the Company, effected a reverse stock split whereby each 10,001 shares of its common stock became one share. For some stockholders of Plant Health Care, Inc. the reverse split resulted in an entitlement to fractional shares. As part of the process, Plant Health Care, Inc. exercised its right to compulsory purchase of such entitlements for cash. The total purchase price for such fractional entitlements was $676,000; $309,000 was paid out for such entitlements in the period to 31 December 2005.

As a result of this purchase, the Company's percentage ownership of Plant Health Care, Inc. increased from 92.2% to 96.8%.

Notes to the financial statements continued
for the year ended 31 December 2005

13. Subsidiary undertakings

The following were subsidiary undertakings at the end of the year. All have been included in the consolidated financial statements:

Name	*Country of incorporation or registration*	*Proportion of voting rights and ordinary share capital held*	*Nature of business*
Plant Health Care, Inc	USA (Nevada)	96.8%	Holding company
Plant Health Care, Inc	USA (Pennsylvania)	96.8%*	Manufacturing and sales
PHC Reclamation, Inc	USA (Nevada)	96.8%*	Contracting and consulting
Plant Health Care de Mexico S. de R.L. de C.V.	Mexico	77.4%*	Sales
Plant Health Care (UK) Limited	United Kingdom	96.8%*	Sales
Plant Health Care BV	Netherlands	96.8%*	Sales
Plant Health Care España	Spain	96.8%*	Sales
VAMTech, LLC	USA (Delaware)	96.8%*	Manufacturing
PHC Royalty Corporation	USA (Nevada)	96.8%*	Intellectual property

* Held indirectly

For all undertakings listed above, the country of operation is the same as its country of incorporation or registration.

14. Stocks

	Group	
	2005	*2004*
	$'000s	*$'000s*
Raw materials	**766**	633
Work in progress	**72**	66
Finished goods	**744**	425
	1,582	1,124

15. Debtors

	Group		*Company*	
	2005	*2004*	***2005***	*2004*
	$'000s	*$'000s*	***$'000s***	*$'000s*
Trade debtors	**2,721**	2,016	**—**	—
Prepayments	**268**	176	**16**	24
	2,989	2,192	**16**	24

All amounts fall due for payment within one year.

Notes to the financial statements continued

for the year ended 31 December 2005

16. Creditors

(a) *Amounts falling due within one year*

	Group		Company	
	2005	2004	**2005**	2004
	$'000s	$'000s	**$'000s**	$'000s
Revolving credit facility	**114**	—	**—**	—
Trade creditors	**1,171**	670	**48**	11
Accruals	**1,665**	884	**242**	112
Corporation tax	**211**	88	**—**	—
Notes payable	**126**	108	**—**	—
Finance leases	**45**	21	**—**	—
	3,332	1,771	**290**	123

(b) *Amounts falling due after more than one year*

	Group	
	2005	2004
	$'000s	$'000s
Notes payable	**415**	552
Finance leases	**108**	63
	523	615

Notes payable are unsecured.

Finance lease obligations are secured by retention of title to the relevant equipment and vehicles.

(c) *Due date for payment:*

Financial liabilities are due:

	Notes payable		Finance leases		Revolving Credit Facility	
	2005	2004	**2005**	2004	**2005**	2004
	$'000s	$'000s	**$'000s**	$'000s	**$'000s**	$'000s
In less than one year	**126**	108	**45**	21	**114**	—
In more than one year but less than two years	**129**	126	**50**	26	**—**	—
In more than two years but less than five years	**286**	426	**58**	37	**—**	—
	541	660	**153**	84	**114**	—

(d) *Other financial commitments*

The Group had $114,000 of letters of credit outstanding at 31 December 2005 (2004: $Nil), expiring May 2006. Short-term investments in the amount of $125,000 are pledged as security for these letters of credit.

Notes to the financial statements continued

for the year ended 31 December 2005

17. Financial instruments

(a) *Interest rate and currency of borrowings*

The Group's borrowings comprise notes payable, finance leases and a short-term revolving credit facility.

Non-interest bearing subordinated notes payable of $541,000 (2004: $660,000) are accounted at net present valuing using a market discount rate of 5.61% per annum. Amortisation of this discount is charged to interest expense over the life of the notes to August 2009.

$153,000 (2004: $84,000) of the Group's borrowings are finance leases, $122,000 denominated in US dollars and $31,000 in euros (2004: all denominated in US Dollars), at fixed interest rates. The weighted average fixed rate is 14.6% and the weighted average period for which it is fixed is 36 months.

The Group has $114,000 (2004: $Nil) in short-term financing through a revolving credit facility in the US. Borrowings under this facility are re-payable upon demand. Interest is at LIBOR plus 2.375% adjusted weekly.

(b) *Interest rate and currency of cash balances*

Floating rate financial assets comprise $685,000 (2004: $4,178,000) of US dollar cash deposits on money market deposit at call, seven-day and monthly floating rates.

Short term investments include $252,000 held in a 6 month US treasury note maturing 15 May 2006. The security earns interest at 4.625%. These securities are pledged as collateral for letters of credit and the revolving credit facility.

(c) *Currency exposure*

The monetary assets and liabilities of the Group are denominated in the operating or 'functional' currency of the operating unit involved.

(d) *Fair values of financial instruments*

At 31 December 2005 and 2004, the current values of all of the Group's financial instruments equalled the book values.

(e) *Undrawn bank facilities*

The Group had no undrawn committed bank borrowing facilities available to it at 31 December 2005 (2004: $Nil).

On 6 January 2006, the Company entered into a revolving credit agreement that provides for $2,000,000 in borrowings with a provision that allows, based on the cyclical needs of the business, an increase in borrowing capacity to $2,720,000. The agreement matures one year from the date it was entered into. Interest is at prime plus 8%. A facility fee of 4% was payable upon closing. As of 29 March 2006 $984,000 in borrowings were outstanding under the agreement. Borrowings under the agreement are based on the eligible accounts receivable and inventory of certain of the Group's US subsidiaries. They are secured by substantially all of the assets of those subsidiaries and are guaranteed by Plant Health Care, Inc.

Notes to the financial statements continued
for the year ended 31 December 2005

18. Share capital

(a) *Authorised and issued share capital*

	2005 *$'000s*	*2004* *$'000s*
Authorised share capital: 500,000,000 ordinary shares at £0.01 each;	**8,984**	8,984
Allotted, called up and fully paid share capital: 30,150,462 (2004: 29,927,849) ordinary shares at £0.01 each;	**542**	538

(b) *Movement in share capital*

	Ordinary shares of Plant Health Care plc *Number*	*$'000s*
In issue at 1 January 2005	**29,927,849**	**538**
Shares exchanged	**65,907**	**1**
Shares issued for services received	**156,706**	**3**
In issue at 31 December 2005	**30,150,462**	**542**

During the year the following fully paid 1p ordinary shares in the Company were issued:

(i) 65,907 ordinary shares, with an aggregate value of $42,000, were issued in exchange for Plant Health Care Inc. shares in accordance with the circular dated 30 June 2004.

(ii) 124,679 shares, with an aggregate value of $122,000, were issued to certain non-executive directors and the Company Secretary in payment of fees.

(iii) 5,000 shares, with an aggregate value of $3,000, were issued to a director in recognition of his services in assisting in the 2004 year-end reporting cycle.

(iv) 27,027 shares, with an aggregate value of $26,000, were issued to a supplier in payment for services received.

There have been no further issues of shares to the date of this report.

(c) *Warrants*

	Warrants over ordinary shares
Outstanding at 1 January 2005	176,704
Warrants in Plant Health Care, Inc. exchanged	40,394
Lapsed	(40,394)
Outstanding at 31 December 2005	176,704

The warrants are exercisable at 52p per warrant on or before 5 July 2014.

Notes to the financial statements continued

for the year ended 31 December 2005

18. Share capital continued

On 3 March 2006, a further 56,250 warrants were issued in accordance with the circular dated 30 June 2004. These warrants are exercisable at 0.37 pence per warrant on or before 9 June 2009.

The total number of warrants outstanding at the date of this report is 232,954.

(d) *Options*

	Options over ordinary shares		
	Directors	*Other current or former employees*	*Total*
Outstanding at 1 January 2005	**3,749,996**	**757,500**	**4,507,496**
Awarded	—	479,750	479,750
Exercised	—	—	—
Resignation of director	(749,998)	749,998	—
Lapsed	(112,500)	(63,750)	(176,250)
Outstanding at 31 December 2005	**2,887,498**	**1,923,498**	**4,810,996**
Lapsed	—	(3,000)	(3,000)
Appointment of Chief Financial Officer as director	100,000	(100,000)	—
Outstanding at 10 April 2006	2,987,498	1,820,498	4,807,996

Details of the directors' options are provided in the Report of the Remuneration Committee at page 19.

The exercise details of options held by other current and former employees at the date of this report are detailed below:

Exercisable from	*Exercisable until*	*Price £*	*Number*
Now	21 September 2006	0.37	75,000
Now	29 November 2009	0.37	150,000
Now	14 January 2010	1.10	30,000
Now	28 January 2010	0.37	11,250
Now	21 July 2010	0.37	715,761
Now	21 July 2010	0.71	34,237
Now	31 July 2012	0.37	75,000
Now	10 March 2013	0.37	67,500
Now	29 January 2014	0.46	73,125
29 January 2007	29 January 2014	0.46	24,375
1 September 2007	31 August 2014	0.49	37,500
30 September 2007	29 September 2014	0.58	150,000
23 June 2008	22 June 2015	0.52	15,000
31 October 2008	30 October 2015	0.62	361,750
			1,820,498

Notes to the financial statements continued

for the year ended 31 December 2005

19. Reserves

	Group Share premium $'000s	Group Merger reserve $'000s	Group Profit and loss $'000s
Balance at 1 January 2005	10,700	11,913	(14,309)
Repurchase of minority interest's shares by subsidiary (note 12)	—	(676)	—
Plant Health Care, Inc. shares exchanged	41	(42)	—
Share issues	156	—	—
IPO costs	(50)	—	—
Movement in exchange rates	—	—	(21)
Loss in the year	—	—	(3,023)
Balance at 31 December 2005	**10,847**	**11,195**	**(17,353)**

	Company Share premium $'000s	Company Merger reserve $'000s	Company Profit and loss $'000s
Balance at 1 January 2005	10,700	14,453	(614)
Plant Health Care, Inc. shares exchanged	41	—	—
Share issues	156		—
IPO costs	(50)	—	—
Loss in the year	—	—	(1,530)
Balance at 31 December 2005	**10,847**	**14,453**	**(2,144)**

20. Reconciliation of movements in shareholders' funds

	Group **2005 $'000s**	Group 2004 $'000s	Company **2005 $'000s**	Company 2004 $'000s
Loss for the year	**(3,023)**	(2,946)	**(1,530)**	(614)
Other net recognised gains and losses relating to the year	**(21)**	43	**—**	—
Exercise of warrants	**—**	205	**—**	—
Conversion of debt to shares	**—**	2,098	**—**	—
Repurchase of minority interest's shares by subsidiary (note 12)	**(676)**	—	**—**	—
Repurchase of shares	**—**	(96)	**—**	—
Reverse acquisition	**—**	(202)	**42**	—
Share issues	**159**	13,080	**159**	28,132
IPO costs	**(50)**	(2,441)	**(50)**	(2,441)
Net additions/(reductions) to shareholders' funds	**(3,611)**	9,741	**(1,379)**	25,077
Opening shareholders' funds	**8,842**	(899)	**25,077**	—
Closing shareholders' funds	**5,231**	8,842	**23,698**	25,077

Notes to the financial statements continued

for the year ended 31 December 2005

21. Pensions

The Group does not maintain any defined benefit pension plans. The Group does maintain a retirement plan qualified under Section 401(k) of the United States Internal Revenue Code. This plan covers substantially all US employees. The Company makes a contribution equivalent to 3% of the total emoluments of the relevant employees.

22. Commitments under operating leases

As at 31 December 2005, the Group had annual commitments under non-cancellable operating leases as set out below:

Year	*Facilities $000's*	*Other $000's*	*Total $'000's*
2006	220	117	337
2007	217	104	321
2008	147	73	220
2009	34	67	101
2010	18	16	34

23. Reconciliation of operating profit to net cash outflow from operating activities

	2005 $'000s	*2004 $'000s*
Operating loss	**(2,843)**	(2,625)
Depreciation	**190**	150
Amortisation of intangibles	**41**	36
Gain on sale of fixed assets	**1**	—
Increase in stocks	**(458)**	(257)
Increase in debtors	**(830)**	(751)
Increase in creditors	**1,066**	191
Net cash outflow from operating activities	**(2,833)**	(3,256)

24. Reconciliation of net cash inflow to movement in net debt

	2005 $'000s	*2004 $'000s*
(Decrease)/increase in cash	**(4,032)**	4,477
Cash inflow from change in short-term investments	**252**	—
Cash inflow from changes in debt	**50**	318
Movement in net cash resulting from cash flows	**(3,730)**	4,795
Redemption of loan stock	**—**	2,096
Issue of loan note	**—**	(660)
Movement in net cash	**(3,730)**	6,231
Opening net cash/(debt)	**4,068**	(2,163)
Closing net cash	**338**	4,068

Notes to the financial statements continued

for the year ended 31 December 2005

25. Analysis of net cash

	At 1 January 2005 $'000s	Cash flow $'000s	Non-cash items $'000s	**At 31 December 2005 $'000s**
Cash at bank and in hand	4,812	(3,918)	—	**894**
Revolving credit facility	—	(114)	—	**(114)**
	4,812	(4,032)	—	**780**
Short-term investments	—	252	—	**252**
Notes due after one year	(552)	—	137	**(415)**
Notes due within one year	(108)	119	(137)	**(126)**
Finance leases due after one year	(63)	(90)	45	**(108)**
Finance leases due within one year	(21)	21	(45)	**(45)**
	4,068	(3,730)	—	**338**

26. Post balance sheet event

The Company announced on 10 April 2006 that it proposes to raise £6,500,000 (before expenses) by way of a placing of 10,000,000 new ordinary shares at a price of 65 pence per share. The net proceeds of the placing will be used primarily to develop the market for Myconate®. This placing is conditional upon the approval of shareholders. A circular providing more background to and details of the placing and notice of the extraordinary general meeting to approve the placing is being sent to shareholders on 10 April 2006.

Notice of annual general meeting

Notice is hereby given that the second annual general meeting of Plant Health Care plc will be held at the offices of Tavistock Communications Limited, 131 Finsbury Pavement, London EC2A 1NT on Friday, 9 June 2006 at 11.00 am to consider and, if approved, to pass resolutions 1 to 6 as ordinary resolutions, and resolutions 7 and 8 as special resolutions.

Ordinary business

1. To receive, approve and adopt the report of the directors and the financial statements of the Company for the financial year ended 31 December 2005 together with the report of the auditors thereon.
2. To elect Walter Bratkowski as a director, who retires in accordance with Article 63 of the Company's articles of association
3. To re-elect Thomas Isler as a director, who retires by rotation in accordance with Article 65 of the Company's articles of association.
4. To re-elect Samuel Wauchope as a director, who retires by rotation in accordance with Article 65 of the Company's articles of association.
5. To appoint BDO Stoy Hayward LLP as auditors to the Company to hold office from the conclusion of the meeting until the conclusion of the next annual general meeting and to authorise the directors to fix their remuneration.
6. That
   (i) the directors be and are hereby generally and unconditionally authorised for the purposes of Section 80 of the Companies Act 1985 ("the Act") to allot relevant securities (as defined in Section 80(2) of the Act) of the Company up to an aggregate nominal value of £100,501.53 during the year commencing on the date of the passing of this resolution and expiring at the conclusion of the annual general meeting of the Company to be held in 2007 provided that the Company may make at any time prior to the expiry of such authority any offer or agreement which would or might require relevant securities of the Company to be allotted after the expiry of such authority and the directors may allot relevant securities in pursuance of such offer or agreement as if the authority hereby conferred had not expired, and

   (ii) all previous authorisations given by the Company in general meeting or otherwise pursuant to Section 80 of the Act be and are hereby revoked to the extent not previously exercised.

Special business

7. That, subject to the passing of resolution 6 in the notice of annual general meeting of the Company dated 10 April 2006, the directors be and are hereby empowered pursuant to Section 95(1) of the Companies Act 1985 (the "Act") to allot equity securities (as defined in Section 94(2) of the Act) of the Company as if Section 89(1) of the Act did not apply to such allotment provided that such power be limited to:
   (i) the allotment of equity securities in connection with a rights issue in favour of the holders of equity securities in accordance with the rights attaching thereto subject only to such exclusions or other arrangements as the directors may consider expedient to deal with fractional entitlements or legal or practical considerations arising under the laws of any territory or the requirements of any regulatory body, and

   (ii) the allotment (otherwise than pursuant to paragraph (i) of this resolution) of equity securities up to an aggregate nominal value of £15,075.23

Notice of annual general meeting continued

and shall expire on the earlier of the date falling 15 months after the passing of this resolution and the conclusion of the next annual general meeting of the Company to be held in 2007, save that the directors may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities pursuant to such offer or agreement as if the power conferred hereby had not expired.

8. That the Company be and is hereby granted general and unconditional authority (pursuant to Section 166 of the Companies Act 1985 (the "Act")) to make market purchases (as defined in Section 163 of the Act) of its own ordinary shares on such terms and in such manner as the directors may from time to time determine provided that:

   (i) the maximum number of ordinary shares hereby authorised to be purchased is 3,015,046;

   (ii) the maximum price which may be paid for an ordinary share is an amount equal to 5% above the average of the middle market quotations for the ordinary shares taken from the London Stock Exchange plc Daily Official List for the ten dealing days before the day on which the share is contracted to be purchased exclusive of expenses payable by the Company;

   (iii) the minimum price which may be paid for an ordinary share is 1p; and

   (iv) the authority conferred by this resolution shall expire on the conclusion of the annual general meeting of the Company to be held in 2007 or 9 September 2007 (whichever shall first occur), except that the Company may, before such expiry, enter into a contract for the purchase of its own shares which would or may require to be completed or executed wholly or partly after the expiration of this authority and a purchase of shares may be made in pursuance of such a contract.

By Order of the Board

Catherine Sutton
Company Secretary

10 April 2006

Registered Office:
Minerva House
5 Montague Close
London SE1 9BB

Notes:

(1) Any member entitled to attend and vote at the annual general meeting convened by this notice may appoint one or more proxies to attend and, on a poll, to vote instead of him. A proxy need not be a member of the Company.

(2) To appoint a proxy, the form attached with this notice should be completed and deposited at the offices of the Company's registrars, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, not less than 48 hours before the meeting time of the annual general meeting specified above.

(3) Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, members will be entitled to attend and to vote at the meeting if they are registered on the Company's register of members 48 hours before the time appointed for the meeting or any adjournment of it.

(4) Copies of the articles of association, directors' service contracts or memoranda of the terms thereof (other than contracts expiring or determinable by the employing company without compensation within one year) and the register of interests of directors (and their families) in shares of the Company kept in accordance with section 325 of the Companies Act 1985 will be available for inspection at the registered office of the Company during usual business hours on any weekday (Saturdays and public holidays excluded) from the date of this notice until the date of the annual general meeting and will be available for inspection at the place of the annual general meeting for at least 15 minutes prior to and during the meeting.

Produced by Portman Lodge Limited

Form of proxy

For use by ordinary shareholders at the 2006 annual general meeting of Plant Health Care plc.

I/We (name in BLOCK CAPITALS)____

of (address)____

being (a) member(s) of Plant Health Care plc hereby appoint the Chairman of the meeting or

(see note 1) ____

as my/our proxy to act for me/us on my/our behalf at the annual general meeting of the Company to be held on Friday, 9 June 2006 at 11.00 am and at any adjournment or postponement thereof, and to vote for and/or against the resolutions and/or abstain from voting in respect of the ordinary shares in the issued share capital of the Company registered in my/our name(s) (see note 2).

Number of resolution as set out in the notice of meeting

ORDINARY RESOLUTIONS	For	Against	Abstain
1. To receive, approve and adopt the report and accounts.			
2. To elect Walter Bratkowski.			
3. To re-elect Thomas Isler.			
4. To re-elect Samuel Wauchope.			
5. To re-appoint BDO Stoy Hayward LLP as auditors.			
6. Authority to allot shares.			
SPECIAL RESOLUTIONS			
7. Subject to 6 above, authority to allot shares pursuant to section 95(1) of the Act.			
8. Authority to buy back shares.			

Signature:____________________________on____________________________ 2006.
(see note 3)

Shareholders are entitled to appoint one or more proxies (who need not be an ordinary shareholder of the Company) to attend, speak and vote in place of that ordinary shareholder at the annual general meeting.

Notes:

1. Any ordinary shareholder may insert the name of a proxy or the names of two alternative proxies of the ordinary shareholder's choice in the space provided with or without deleting "the Chairman of the meeting." The person whose name appears first on the form of proxy and has not been deleted will be entitled to act as proxy to the exclusion of those whose names follow. Any alteration, deletion or correction made in the form of proxy must be initialled by the signatory/ies.
2. An ordinary shareholder's instructions to the proxy must be indicated in the appropriate space provided. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the annual general meeting as the proxy deems fit in respect of all the votes exercisable by the ordinary shareholder or by his proxy. The proxy will act at his discretion in relation to any other business arising at the meeting (including any resolution to amend a resolution or to adjourn the meeting).
3. This form of proxy must be signed by the appointor or his attorney duly authorised in writing. If the appointor is a corporation the form of proxy should be signed on its behalf by an attorney or duly authorised officer or executed as a deed. In the case of joint holders the signature of any one of them will suffice, but the names of all joint holders should be stated.
4. The completion and lodging of this form will not preclude the relevant ordinary shareholder from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such ordinary shareholder wish to do so.
5. Forms of proxy with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of the power of authority must be received by the Company's registrars at the address overleaf, not less than 48 hours before the time fixed for the meeting.

SECOND FOLD

BUSINESS REPLY SERVICE
Licence No. MB122

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FIRST FOLD

Capita Registrars (Proxies)
PO Box 25
BECKENHAM
Kent
England
BR3 4BR

THIRD FOLD AND TUCK IN

Phone +1 412 826 5488
Email ir@planthealthcare.com
Web www.planthealthcare.com