PLANT IMPACT PLC

Annual Report 2017

Crop enhancement – advancing the science of crop potential

Our starting point is plant science

What we do

We understand physiological stress responses and resource prioritisation in key world crops. This enables us to create and identify novel synthetic and defined small molecule chemicals that can be applied as crop enhancement (sometimes known as biostimulant) foliar sprays and seed treatments. Our products are easy to use and consistently improve crop yields under a range of growth conditions.

Why we do it

Increasing global demand for food needs to be met overwhelmingly by increasing yields on the existing world farm. The rate of crop yield increases is falling in all crops in most parts of the world. Crop enhancement products are a new category in the grower's toolkit to unlock otherwise lost crop yield and help to sustainably increase food and animal feed worldwide.

P.16-17
For further information on how we do it, read our Business model

Highlights

FINANCIAL

REVENUE
£8.5m
(2016: £7.2m)

GROSS PROFIT
£6.7m
(2016: £5.6m)

R&D SPEND
£4.2m
(2016: £2.9m)

OPERATING EXPENSES*
£9.7m
(2016: £5.8m)

CASH AT 31 JULY 2017
£7.2m
(2016: £5.6m)

* excluding share-based payments and restructuring costs

OPERATIONAL

- R&D pipeline summary issued in August 2017 to give greater visibility of our progress in R&D:
  - complete season-long portfolio of soybean products being tested over 2017/18 Brazil growing season.
  - discovery phase activities increased – expanded molecule discovery capability yielding new compounds; new academic partnerships announced.
  - early indications of product extension potential beyond current target crops.
- Reported revenue growth reflects the strength of the US Dollar – constant currency, revenue growth was 2%.
- First sales of Veritas®/Fortalis® in the USA, Argentina, Paraguay and Bolivia.
- Veritas® purchase plan agreed for 2017/18 Brazil growing season based on our commercial partner's end-user sales targets.
- Increased sales of Banzai™ cocoa product.

STRATEGIC REPORT

GOVERNANCE REPORT

FINANCIAL STATEMENTS

Chairman's Statement

Innovation thrives in a challenging environment

At Plant Impact this year we have invested more in R&D and been rewarded with advances in our pipeline of products. Recent industry-wide commercial challenges have not slowed our scientific progress.

DR DAVID JONES
CHAIRMAN

The last 12 months have been eventful ones for our industry and for our business. We have seen a remarkable uptick in the pace of technical innovation from smaller companies, as well as from industry multinationals. There have been numerous scientific and technical developments in the areas of biostimulants, AgData, plant genetics and advanced sensing and diagnostic tools. The future of technology on the world's farms and in its food supply chain looks very bright over the next 5-10 years: growers will have better inputs, better information about how to use them, and newer, more efficient ways of doing business.

The short-term commercial environment in agriculture looks very different, however. An unusual succession of strong harvests over the past five years (prompted by both good weather and grower adoption of new, high-tech inputs) has depressed commodity prices in the world's big crops: corn, soybeans, wheat and rice. This has created significant pressure on growers' profitability and the financial performance of the distributors and input manufacturers who supply them. Cost-cutting behaviour by farmers has reduced input consumption, creating significant channel inventory in many markets, notably Brazil and the United States. The industry is adjusting to these new conditions in a number of ways, most conspicuously by consolidation.

Plant Impact's business progress in the last financial year reflects these broader sectoral trends. We have invested more in R&D and have been rewarded with a step advance in our pipeline of products. In the next two years, we expect to launch new crop enhancement products for both soybean and our second target crop, wheat. Following investments and partnerships for early stage discovery of new yield-enhancing small molecules suitable for soybean, wheat and other major dicot and monocot crops, we have made many promising discoveries. We expect these to generate significant new revenue in the medium term.

Commercially, the Group's Brazil Veritas® business – still the majority of its sales – experienced a shortfall in grower consumption relative to campaign targets, impacting our sales for the 2016/17 financial year and the outlook for the 2017/18 year. In spite of this, we made the important step of establishing commercial positions in the United States and Argentina, which – along with Brazil – make up more than 90% of the world's soybean production.

The Group's Board and management have evolved the strategy of the Company to reflect the richer flow of development products we are now seeing. We are moving from a sole focus on the exploitation of products in hand, to orientating ourselves to a future where our R&D platform will significantly broaden our offer (and with it, of course our development challenge). Detail on this is explained more fully in the Chief Executive's Review. Having worked successfully with the previous strategic plan from 2011 to 2016 of globalising and placing our products into important sectors of world agriculture, this evolution of our strategy will emphasise and build upon our productive R&D discovery capability. We believe that a wealth of novelty in discovery coupled with proven development and commercial placement capability is the best choice we can make. Our aim remains to become the industry leader in the discovery and development of small molecule chemistry for crop yield enhancement, establishing this emerging category of agricultural inputs as one that growers can trust and will adopt.

The Brazil purchasing outlook for the coming 2017/18 season translated into a lower level of internally-generated cash to fund R&D over the next 12 months. Given the progress we had made over the last two years and the desire to avoid losing R&D momentum, we approached shareholders for additional funding to maintain our investment in the future. We were pleased by the support we received which resulted in a fund-raising of £4m. We will invest this in R&D activities, primarily in bringing to market the products that are closest to launch.

Finally, I would like to thank our employees for the commitment and support that they have shown over the last year. It is their drive, enthusiasm and skill that produces the progress we seek and their efforts in this regard have been exemplary.

DR DAVID JONES
CHAIRMAN
6 October 2017

KEY NEW PROJECTS ADVANCED TO LATE-STAGE DEVELOPMENT R&D IN FY 2016/17

+90%
WORLD SOYBEAN PRODUCTION GROWN IN BRAZIL, USA AND ARGENTINA

We are orientating our strategy to a future where our R&D platform will significantly broaden our offer

Chief Executive's Review

Discovery to delivery

In the 2016/17 financial year we made good progress in developing Plant Impact's commercial and technical platforms to exploit the significant opportunity we see in crop enhancement.

JOHN BRUBAKER
CHIEF EXECUTIVE OFFICER

Considerable progress has been made in the 2016/17 financial year in research and product development (R&D). For the first time, our R&D progress is enabling us to trial an integrated, full-season portfolio of four individually developed yield products and prototypes for soybeans. Ultimately, and in combination, we are developing them to deliver a consistent double-digit yield improvement for growers; this is without precedent in this category. In addition, we are gathering test data signalling that our technologies in soybeans and wheat could be extended to other major world crops like cotton, canola, corn and rice. Most exciting, our chemical discovery process has been developed to be highly productive in generating novel compound leads, which are showing promising performance in early laboratory assays. Reflecting this and the importance that we place on R&D, we have recently published a pipeline review that gives investors and industry partners improved visibility of where we are working and the progress we are making.

Successes this year have included the launch of Fortalis® in North America and Veritas®/Fortalis® in the Southern Cone of Latin America. Additionally we have seen growth of Banzai™, our product for cocoa in West Africa and made progress in developing additional partnerships to expand that opportunity in future years. We made commercial progress in Brazil, expanding our flagship product Veritas® to consolidate a leading market position in soybean crop enhancement. However, we did not achieve the campaign plan that both we and Bayer CropScience (BCS), our partner in the country, had set for the season. This resulted in a build up in channel inventory levels which adversely impacted BCS's planned purchase volumes for the forthcoming 2017/18 growing season. We regard this as a temporary setback, brought about by poor market conditions last season. Factors included poor crop prices, restricted availability of farm credit and overall poor economic sentiment in Brazil.

Strategy
The Group has operated since 2011 under a strategic plan which directed commercial and product development efforts towards building three pillars: sell direct to market, globalise and scale, and accelerate innovation. Over the last 12 months, we have evolved this strategy for the next stage of our development. Our update recognises that R&D activities are at the core of what we are seeking to achieve and that these provide the main engine for an appreciation in long-term shareholder value. This 2017 strategic plan (i) organises our R&D efforts to address specific plant physiological responses and resource prioritisation that limit crop yields, (ii) focuses these research efforts on soybeans and wheat, as initial models for dicot and monocot plant classes, (iii) embeds a replicable R&D platform approach to the discovery of new small molecules, (iv) concentrates product development on novel synthetic and defined chemistries, and (v) builds partnerships with companies that growers trust in order to commercialise products and fund further R&D.

The refined strategy forms the basis of a five-year business and R&D plan that the Group will continue to progress as the business develops.

£4m
FUND-RAISE MAINTAINS R&D MOMENTUM

FIRST COMPLETE SOYBEAN PORTFOLIO TRIALS

Our strategy evolution recognises that R&D activities are at the core of what we are seeking to achieve and that these provide the main engine for an appreciation in long-term shareholder value.

Chief Executive's Review continued

Our strategy

Advancing understanding of plant responses to establish crop enhancement as a trusted category of agricultural inputs.

PRIORITIES	DESCRIPTION	2016/17 PROGRESS
0.1 Focus R&D on plant physiological responses and plant resource prioritisation	Our work begins with an understanding of plant physiology to ensure maximum product efficacy	Our R&D team has made good progress with characterising key yield-limiting plant response challenges to our model crops and defining six research focus areas to guide our platform projects (see pipeline p 20 to 21) Our research collaborations with institutions such as Ghent University, University of Nottingham and Lancaster University are helping to advance understanding of plant responses to stress
0.2 Target model dicot and monocot crops (broad leaf and grass crop classes)	Soybeans and wheat are our model dicot and monocot crops. The insight and capabilities we are gaining as we develop full programmes of technologies for these two crops will help us to extend these for other major crops in the future eg. cotton and oil seed rape (dicots) and rice, and corn (monocots)	For the first time, in 2016 our soybean R&D trials in Brazil featured pipeline products covering plant stresses at every stage of the growing cycle
0.3 Use chemistry – novel synthetic and defined small molecule compounds	Compared with alternative biostimulant types (microbes, proteins, organic mixtures etc), small molecule chemistry presents product candidates that are stable under field conditions, readily formulated into usable form, inexpensive to manufacture and compatible with current grower practice. Chemistry delivers maximum reliability of effect, enabling targeting of specific plant responses and a simpler regulatory pathway than alternatives	In 2016/17 we built the momentum of our discovery work – resulting in advances such as identification of new lead molecules which can target abiotic stress responses. Our agreement with Ghent University gives us access to novel compounds as part of our focus on drought tolerance
0.4 Create effective products from a replicable R&D platform approach	Our platform is founded on repeatable processes we have developed for predicting chemical entities that will perform, then rapidly characterising them for efficacy	We increased R&D investment to provide additional laboratory space. Publication of our first platform and pipeline presentation
0.5 Build partnerships that growers trust to commercialise product and fund R&D	We believe that innovation is only validated through grower adoption under commercial conditions. The resulting cash generation has helped to fund the bulk of our R&D to date	Excellent regional distribution partnership agreements signed for Fortalis® in the USA

The Group's Board and management have evolved the strategy to reflect the richer flow of development products we are now seeing

LOOKING FORWARD

We are in discussions to establish further research collaborations, including projects with leading universities in the USA

We anticipate launching 2-3 new soybean products within the next 2 years

In FY18+ we plan to invest in higher throughput discovery and screening capabilities

As our platform process embeds, we expect it to drive regular discoveries of new bioactive molecules, synergistic mixtures and formulation technologies. We are also considering bringing currently outsourced technical research capabilities in house

Commitment from BCS, Arysta LifeScience and key North American distribution partners to our products remains strong

Our products and pipeline are being evaluated by several other agrochemical multinationals and leading regional distributors

Chief Executive's Review continued

Operating and financial review

The Group has an exciting set of commercial and R&D prospects ahead of it and an ambitious and talented team with the drive to succeed. We enter the new financial year focused on our goal of establishing Plant Impact as the leader in this important new category of agricultural inputs.

Operating review

Research and Development

Research and Development (R&D) is at the core of Plant Impact's business, with more than 25% of our staff dedicated full time to R&D work and almost everyone in the Group engaged in some form of R&D activity. Product development in crop enhancement is a multi-year activity, albeit a significantly more rapid process than comparable development cycles for traditional agrochemicals or new seed genetics. Considerable work has been conducted this year in streamlining our R&D process to ensure a better flow of opportunities from concept to product development. A detailed update on progress on R&D activities was published in August 2017 on our website.

Our R&D process, like that of most other Life Sciences businesses, consists of discrete stages: Discovery, Early stage development and Late stage development. Projects that advance to the late stage of development are expected to achieve first product sales in one to three years. Projects currently in this phase, include those that aid the in-ground germination and establishment of both wheat (W1) and soybeans (S0) as well as an important project to support the photosynthetic process of soybeans in the vegetative growth stage (F1, now branded Tempus®). Trials with these projects have been conducted in both North and South America over the course of the last year.

In the case of both S0 and Tempus® soybean development projects, we also made formulation upgrades that are in advanced trials. Over the past year, we have identified partners who are eager to launch these early-stage formulations under their own labels. These commercial opportunities are being actively considered as interim solutions which can generate supplemental corporate funding for additional R&D in our core discovery and product development activities.

We have a number of projects that have progressed from Discovery into a more advanced Early development stage where we have identified candidate active molecules that appear to offer the yield potential we seek and are testing these in the field in small plot and larger scale trials. Included in this area is work we are progressing at the reproductive stage of the soybean growing cycle that is complementary with our existing Veritas® and Fortalis® products (V4 project).

However, the most exciting development has been in the Discovery phase of our activities. We have significantly increased the flow of potential new molecules into our screening process. This has been as a consequence of improvements in our processes, as well as new capabilities and the recruitment of scientists who have bought techniques that allow us to model chemical/plant interactions, further accelerating lead generation. In parallel, we have established a number of potential new academic partnerships, and we were delighted in May 2017 to sign a collaboration agreement with Ghent University that gives us exclusive access to novel phosphonamide pyrabactin analogue molecules that improve drought tolerance in wheat (project code-name Y1). Our aim is to develop academic partnerships for each of our R&D focus areas. In this regard we were also pleased to announce collaborations with Rothamsted Research and Lancaster and Nottingham Universities to investigate the physiological impacts of heat stress in wheat (project H1).

As announced at the time of the interim results in March, the Group is currently investigating options to dispose of the intellectual property assets related to its biological insecticide TGT-101. The process is ongoing and further announcements will be made as appropriate.

Commercial activity

Veritas®

As announced in this review last year, for the 2016/17 Brazilian soybean growing season we increased investment in commercial support in Brazil for Veritas®, our flagship soybean product, sold through our partner in the region, Bayer CropScience (BCS). This investment included additional temporary field agent resources to run demonstration programmes for dealers and growers and investment in a digital marketing campaign targeted specifically at growers. These investments did not achieve the results we had hoped for and growth in grower use of the product fell well short of the plans that we had agreed with BCS. Purchases by growers were affected by the challenging backdrop of Brazilian agricultural market conditions that adversely affected overall industry purchases of chemical inputs. Weak crop prices and a lack of available credit following a poor season in 2015/16 meant that the 2016/17 season was a difficult one for chemical suppliers.

1-3yrs

UNTIL EXPECTED FIRST SALES FOR PRODUCTS AT LATE-DEVELOPMENT STAGE

>25%

OF STAFF DEDICATED FULL TIME TO R&D WORK

Chief Executive's Review continued

These underlying market conditions did not impact our sales of Veritas® to BCS at the beginning of the 2016/17 growing season. BCS purchased from us the quantities that we had agreed with them ahead of the start of that season and that were in line with the minimum quantities that they needed to purchase to maintain their exclusive rights to market the product in Brazil. In addition, they purchased volumes for Paraguay and Bolivia, for which this was the first season of Veritas® sales. Product performance results from the field in all three countries were encouraging, with yield uplifts in grower tests in the 5% range. This was achieved in a season that itself saw very high underlying yields, confirming our data from research tests that show Veritas® providing soybean yield improvement regardless of the level of underlying yields.

Lower grower usage in season 2016/17 meant higher than expected channel stocks in Brazil at the start of the 2017/18 growing season. This has impacted planned purchases for this season, including sales that we had anticipated making prior to the recent financial year end, as we have done in each of the last three financial years. As announced in July 2017, we have agreed a purchasing plan with BCS for 2017/18 which is lower than previously assumed. Campaign plans have been agreed, and we will again be supporting them in the field. By incorporating the learning of the last campaigns, our support will be more effectively structured to drive grower adoption this season.

5%

APPROX 5%
VERITAS® YIELD
UPLIFT

Looking forward, both the Group and BCS aim to move to higher volume strategies and recognise that the current commercial arrangements may need to be flexed to achieve that objective.

Fortalis®

The last year saw the launch of the follow-on product to Veritas®, Fortalis®, which uses the same yield-enhancing molecule and is targeted at the same biological stress condition of soybean development. Fortalis®, however, has a wider application window allowing use in regions where the spray of compatible fungicide takes place later in the plant's reproductive cycle. In the year, we launched this product in Argentina and the United States.

The launch of Fortalis® in North America has been more significant. Following the results of trials conducted over the 2016 growing season in the US we decided to launch the product in 2017, arranging distribution deals with five of the biggest distributors in the North American market. Commercially, we have positioned Fortalis® in combination with a range of premium soybean fungicides. Currently, only 20% of soybean growers in the US use fungicide due to a perception of relatively low disease pressure. However for those growers, applying a fungicide with Fortalis® offers, on average, a 10% yield uplift even on non-fungicide treated areas. This is a very compelling prospect. By working directly with the most important distributors in the market, we are able to remain independent of any particular fungicide manufacturer which significantly increases our options and potential market. For instance, it also enables us to offer commercial incentives direct to growers and to capture their yield improvement data thus allowing us to drive more focused customer relationship campaigns to increase on the ground usage. Harvest data and customer feedback will come in during the final months of the current calendar year, and we will use this information to define marketing plans for the 2018 US season.

In Argentina we launched Fortalis® through a test-marketing scheme with BCS Argentina. Feedback from growers using and testing the product has been very good, and the yield improvements were consistent with our targets in the 4-5% range. Following this programme, we have designed a promotional campaign which has some elements of our channel strategy in both Brazil and United States. In Argentina, we plan to work directly with regional distributors, but maintain some collaboration with BCS (and other leading fungicide manufacturers) to design commercial co-promotions with Fortalis®. Given the tight economic conditions for growers in Argentina, pressured in particular by a soybean production tax, we are planning a very cautious expansion in this important market. In 2017/18, we will focus first on establishing a customer relationship management system and selling a modest volume in the market to prove our commercial system. Recognising this slower approach, we have reduced some commercial costs in Argentina, with a plan to increase commercial resource as we prove a customer adoption and retention model.

Banzai™

The last financial year was the second active commercial season for Banzai™, which is our yield enhancement product for cocoa sold into West Africa by our partner Arysta LifeScience. Our sales to Arysta met the commercial plans that we had with them and grower use of the product was also in line with the targets in the business plan. Within this, sales into Cameroon were in line with expectations as we saw the first results of the strategy we are adopting in that area of working with the cocoa processors to support their sustainability programmes. Sales into Ivory Coast where Arysta is adopting a more traditional dealer-led sales model underperformed, but the shortfall here was offset in Ghana where the product has been adopted by COCOBOD, the government-organised supply organisation in that country.

Going forward, we intend to continue to pursue the cocoa processor model which we think could lead to significant growth opportunity for the product. We are developing that model with Arysta in Cameroon and now in the Ivory Coast, and we have contracted with local technical resources to help support the necessary demonstration trials.

Other products

At the start of the year, we restructured our business servicing customers in Europe, Middle East and Africa to reflect the lower growth rates we felt were achievable in this region. Our focus in this area has been on supporting distributor-led business plans, rather than trying to proactively drive grower demand. This has led to modest growth in the period but we feel that it has resulted in a more sustainable base from which to develop. Importantly, as a result of this lower cost commercial model, this part of the business was a net generator of cash over the last 12 months.

Outlook

Sales of Veritas® product into Brazil will continue to make the bulk of the revenue that the Group expects for the new financial year. These expectations are based on the purchase plan that has been agreed with BCS, which in turn is based on their target for grower use of the product over the next 12 months. In addition to this, the Group expects further growth in sales of Veritas®/Fortalis® in regions outside of Brazil, increased sales of the Banzai™ cocoa product into West Africa and material revenues from the launch of new products that are currently approaching the end of the development cycle. In total, the Directors believe, at this early stage, that revenue for FY18 will be around £13m with gross margins somewhat lower than those achieved in the last financial year due to the impact of product mix, but operating expenses also reduced.

The Group has an exciting set of commercial and R&D prospects ahead of it and an ambitious and talented team with the drive to succeed. We enter the new financial year focused on our goal of establishing Plant Impact as the leader in this important new category of agricultural inputs.

+75%

OF THE WORLD'S COCOA IS GROWN IN WEST AFRICA

10%

APPROX 10% FORTALIS® + FUNGICIDE YIELD UPLIFT IN THE USA

Chief Executive's Review continued

Financial review

Throughout this review reference to adjusted results means the results for continuing operations before, where applicable, share-based payments and restructuring costs.

Financial results

	Year to 31 July 2017 £'m	Year to 31 July 2016 £'m	Year to 31 July 2015 £'m
Revenue	**8.5**	7.2	4.5
Cost of sales	**(1.7)**	(1.6)	(1.0)
Gross profit	**6.7**	5.6	3.5
Operating expenses (excl. share-based payments and restructuring costs)	**(9.7)**	(5.8)	(3.7)
Adjusted operating loss	**(3.0)**	(0.2)	(0.2)
Net tax credit	**0.9**	0.5	0.4
Adjusted net (loss)/income	**(2.1)**	0.3	0.2
Share-based payments and restructuring costs	**(1.0)**	(1.0)	(0.1)
Net (loss)/income	**(3.1)**	(0.7)	0.1

The table above shows the reconciliation of adjusted results to statutory results. The reconciling items are, share-based payments costs which are primarily non-cash related and restructuring costs which are by their nature one-off. In the opinion of the Board therefore these costs are not indicative of the Group's underlying trading which is better represented by the adjusted results.

+17%
REVENUE INCREASE

Revenue

Overall revenue increased 17% to £8,450k in the year to 31 July 2017 (2016: £7,211k). Much of the increase came from the relative increase in the strength of the US Dollar compared to Sterling year on year, as most of the Group's revenue is invoiced in Dollars. Adjusting for this, the underlying increase in revenue on a constant currency basis was 2%.

Americas

The majority of the Group's revenue continues to come from the Americas where it was £7,209k compared to £6,494k in the prior year. Revenue in the Americas includes sales of the Company's flagship Veritas® product into Brazil. In FY17 the Group, through our partner Bayer CropScience, started making sales of Veritas® to Paraguay and Bolivia. Americas revenue in FY17 also included the initial sales of the second generation Fortalis® soybean product that was launched in the year in Argentina and the United States. The revenue achieved from these new regions helped offset a reduction in revenue for Brazil, as sales of Veritas® into that region were down year on year as previously explained.

Revenue in the Americas also includes revenue relating to the initial fee received in February 2015 from BCS which is being recognised over a five year term. £389k was recognised in the year (2016: £388k), leaving £972k in deferred revenue. This deferred revenue will be released to the income statement over the next 30 months.

Europe
Revenue in this region was £453k compared with £286k in the prior year. In particular there was growth seen in France, Turkey and Eastern Europe.

Rest of World
Revenue in the Rest of World increased to £788k from £431k in the prior year. Rest of World includes revenues from sales to West Africa for our Banzai™ product for cocoa as well as sales of more traditional products into the Middle East. In FY17 Banzai™ revenues accounted for all Rest of World revenues as there were no sales to Middle Eastern customers due to the political and economic conditions in the region. Banzai™ sales were in line with expectations in the second season of commercial sales, with higher than expected shipments for Ghana offsetting some weakness in Ivory Coast.

Gross profit
Gross profit margins increased slightly to 80% (2016: 78%). The increase primarily reflected the benefit the stronger Dollar had on revenues compared with the predominantly Sterling-based cost of sales, although this was partially offset by a slightly weaker product mix.

Operating expenses excluding share-based payments and restructuring costs
Excluding share-based payments and restructuring costs, underlying operating expenses increased from £5,848k to £9,720k, reflecting the increased headcount and on-costs associated with the strategy of geographic expansion and increased R&D.

Sales and marketing costs increased to £5,298k (2016: £2,914k) due mainly to the expansion of commercial activities into the United States and Argentina where local offices were established and commercial personnel recruited to provide initial support for the product launches. In the United States, additional temporary contract resources were also hired to reflect the direct-to-market commercial strategy that we are pursuing in that country. Additional marketing expenditure was also incurred in West Africa to support Banzai™ and in Brazil where we invested approximately £0.5m more than the previous year in additional temporary field staff and sales and marketing costs.

INITIAL REVENUE FROM
USA
AND
ARGENTINA

Chief Executive's Review continued

In total the Group spent £4,188k on R&D activities (2016: £2,923k). Of this, £2,636k (2016: £1,754k) was expensed through the income statement. Additionally, £1,552k (2016: £1,169k) was capitalised within intangible assets as it relates to products that are in the Late development stage where they are expected to be technically feasible and commercially viable and satisfy all the conditions prescribed by IAS 38 for recognition as an intangible asset.

Other administration costs increased to £1,786k (2016: £1,180k). Of the increase of £606k, £291k related to foreign exchange gains/losses which were a loss of £116k compared with a gain of £175k in the prior year. The majority of the rest of the increase reflected higher professional fees.

Share-based payments and restructuring costs

The income statement charge for the cost of share-based payments was £893k compared with £1,009k last year. As explained in last year's Annual Report the share-based payment charge primarily relates to options granted under the Value Creation Plan (VCP) that was adopted by shareholders at the Annual General Meeting in November 2014 and for which the first options were granted on 31 July 2015. The charge is predominantly a non-cash expense other than provision for employer's National Insurance costs on expected exercises where the lower share price this year resulted in a credit of £65k for the year compared with a charge of £213k in the prior year.

Restructuring costs in the period were £177k (2016: £nil). These reflected the costs of restructuring the European business which took place in the first quarter of the year.

Income tax

The Group benefits from UK R&D tax credits, in the form of a cash refund. £694k was claimed in the year relating to the period to 31 July 2016, with the cash received in January 2017. The amount received was £132k more than had been accrued in the accounts for the prior period and adjusting for that, together with the expected tax credit for the current year of £850k, brings the UK R&D tax credit for the year to £982k. This, combined with £54k of income tax incurred by overseas subsidiaries, results in a net tax credit in the income statement of £928k (2016: £514k).

The Group currently has an accumulated tax loss of £10,100k (2016: £8,700k). The Group has not recognised the potential net deferred tax asset of £1,293k related to these accumulated losses and other timing differences in the current year. The asset should only be recognised if it is probable that there will be sufficient taxable profits against which the loss can be utilised. The Group is currently in an operating loss position, and the Directors do not consider there is sufficient certainty over the timing of future taxable profits to crystallise the deferred tax asset.

Balance sheet

Non-current assets

The increase in net book value of non-current assets at 31 July 2017 to £4,847k (2016: £3,424k) reflects the capitalisation of development activities related to projects that satisfy the requirements of IAS 38 for recognition as intangible assets. Previously capitalised costs are being amortised from first commercial sale over periods of from 5 to 20 years depending on the expected longevity of the related technology or product.

£4.2m
R&D SPEND

Trade and other receivables
Trade and other receivables at 31 July 2017 were £829k (2016: £2,313k). The reduced balance reflects the absence this year of early season sales of Veritas® to Brazil, compared to prior years. The outstanding balance primarily relates to sales of Veritas® and Fortalis® products to Paraguay and the United States, as well as Banzai™ product being sold to Ghana.

Trade and other payables
Trade and other payables at 31 July 2017 due for payment within 12 months increased by £396k to £2,961k (2016: £2,565k). The main changes related to deferred income which increased due to provisions for rebate programmes that support the United States Fortalis® commercial programme.

Cash flow and cash
The cash balance at 31 July 2017 was £7,204k (2016: £5,564k). The net inflow of £1,640k, reflects the impact of the fund raising that took place on 28 July 2017 raising £3,773k net of issue expenses. The inflow from this more than offset a cash outflow from operations of £317k and an outflow from investing activities of £1,685k.

Within cash flow from operations, the loss for the year was offset by the collection of the large trade debtor balance that existed at the start of the year. Cash flow from operations also benefited from the collection of two years' R&D tax credits following a delay in receipt of the prior year's claim for the period to 31 July 2015.

Cash spent in investment activities was primarily the £1,552k of capitalised R&D which is more fully described in the analysis of operating expenses.

The Group has a £1.0m invoice financing facility with HSBC Bank plc under which it can draw down up to 80% of all outstanding invoices, subject to a concentration limit. As at 31 July 2017 there were no drawings (31 July 2016: £50k of cash drawn down with recourse).

The Group has sufficient funds to support its near- and mid-term operating requirements and has the operational flexibility to reduce or increase expenditure to respond to challenges or opportunities.

JOHN BRUBAKER
CHIEF EXECUTIVE OFFICER
6 October 2017

£7.2m
CASH BALANCE AS AT 31 JULY 2017

Business model

A different approach

Our advances in crop enhancement R&D are enabled by our industry expertise and a wealth of commercial experience.

Efficient business model

Plant Impact plc and our subsidiary companies (together "the Group"), lead research and development in crop enhancement. We use in-depth knowledge of stress responses and resource prioritisation in crops to develop chemical products that growers can rely on to get more yield. We use our agricultural industry expertise to find efficient, cost effective ways to offer our solutions to those growers, worldwide.

Our offices and people
Our head office and primary research facilities are at the Rothamsted Centre for Research and Enterprise in Harpenden, United Kingdom. We have regional teams in São Paulo and Goiania, Brazil; Raleigh, North Carolina, USA; and Buenos Aires, Argentina.

Research and development
We find that innovation is best nurtured by combining expert scientists 'in-house' with additional specialised input from regular collaborations with academic and research institutions such as Ghent University, Belgium, the University of Nottingham, Lancaster University and Rothamsted Research in the UK.

Our Scientific Advisory Network brings together world-renowned academics and foremost authorities on soybean and wheat crop physiology, biostimulants, agchem, biochemistry and formulation chemistry. Together they act as scientific advisers to our R&D team as part of a collaborative network of experts with diverse industry and specialism backgrounds and a shared goal to help advance innovation in crop enhancement.

Manufacturing
All of our products are outsourced for manufacture at three leading UK contract manufacturers. We benefit from being able to have products manufactured to order and we do not need to invest capital in our own production facilities or carry inventory.

Distribution
Key to the success of our business model is choosing to work with partners that growers trust. We market our products via respected global strategic partners such as Bayer CropScience AG and Arysta LifeScience as well as smaller and well-connected regional agrochemical distributors such as GROWMARK, Helena Chemical Company and VanDiest Supply Company in the USA.

Regulatory compliance
We are members of the European Biostimulants Industry Council and the US Biostimulants Coalition. We also fully comply with all national product registration and international transport shipping regulations for road, sea and air.

Funding
Cash generated from the commercialisation of our products helps to fund the bulk of our R&D work, ensuring that we can employ industry-leading scientists, produce robust efficacy trials and apply innovative laboratory, glasshouse and field trial practices.

Our R&D focus areas

Working with plant responses

Abiotic stresses such as variable climates, heat shock and drought trigger natural physiological processes within soybean and wheat plants. These responses aim to divert the plant's resources into ensuring continuity of species, not maximising yield. These processes are also at work when climate variability is not an issue, causing the plant to hold back some energy regardless of the conditions.

Our scientists have defined six focus areas for their work. These are designed around key growth stages and common challenges when stresses trigger specific yield-impacting plant responses:

Soybean stress responses at:

- Germination
- Vegetative stage
- Reproductive stage

Wheat stress responses at:

- Spring wheat short season
- Drought
- Heat shock at reproductive stage

Plant physiology is complex and there are many physiological responses to different stresses within each plant. Our scientists identify the natural yield-impacting responses which can provide opportunities to intervene with chemistry, mitigating potential yield loss. For example:

Soybean stress responses at: **germination**

Wheat stress responses to: **drought**

Our products

Portfolio pipeline

Key to the success of our R&D approach is an efficient, robust and replicable discovery to delivery platform of a sophistication more often applied by far larger agricultural chemical companies. In recent years, our R&D investment has embedded this platform and attracted respected scientists from world-leading organisations to help advance the emerging crop enhancement sector.

SOYBEAN

	DISCOVERY	EARLY DEVELOPMENT	LATE DEVELOPMENT	MARKET INTRODUCTION	MARKET SCALE-UP	STRESS RESPONSE FOCUS AREA	COMMERCIAL MARKETING
S0 (targets include reduced nitrogen fixation)						Germination stage	Brazil, USA, Argentina
S1 (targets include poor crop architecture)						Germination stage	Brazil, USA, Argentina
S2 (other early stage opportunities)						Germination stage	Brazil, USA, Argentina
F0 (targets include poor nutrient uptake)						Vegetative stage	Brazil, USA, Argentina, Paraguay
Tempus® (targets include reduced photosynthesis)						Vegetative stage	Brazil, USA, Argentina, Paraguay
F2 (targets include reduced photosynthesis and water-use efficiency)						Vegetative stage	Brazil, USA, Argentina, Paraguay
Veritas® (targets include phytohormone imbalance)						Reproductive stage	All soybean growing regions
Fortalis® (targets include phytohormone imbalance gen2)						Reproductive stage	All soybean growing regions
V4 (targets include phytohormone imbalance gen2 + disease protection)						Reproductive stage	All soybean growing regions
D1 (other early stage opportunities)						Reproductive stage	All soybean growing regions

WHEAT

	DISCOVERY	EARLY DEVELOPMENT	LATE DEVELOPMENT	MARKET INTRODUCTION	MARKET SCALE-UP	STRESS RESPONSE FOCUS AREA	COMMERCIAL MARKETING
W1 (targets include tiller reduction)						Spring wheat short seasons	Americas and Europe
Y1 (targets include water partitioning)						Drought	Americas, Asia and East Europe
H1 (targets include pollen cell inviability)						Heat shock at reproductive stage	Americas, Asia and East Europe
Others (other early stage opportunities)						Spring wheat short seasons	Americas and Europe

SPECIALITY CROPS

	DISCOVERY	EARLY DEVELOPMENT	LATE DEVELOPMENT	MARKET INTRODUCTION	MARKET SCALE-UP	STRESS RESPONSE FOCUS AREA	COMMERCIAL MARKETING
Banzai™ (cocoa)						Reproductive stage	West Africa
Others (fruit and covered vegetables)						Various	Europe, Americas, ROW

DISCOVERY

Starting with the plant: identifying biochemical opportunities for chemical intervention

Our R&D team begin work from a deep understanding of plant physiology. A focus on the biochemical triggers for natural plant responses to stress at key stages in the lifecycle is aligned with advanced approaches to molecular biology, compound design, in-silico modelling, data interrogation and controlled environment assay design.

HUNDREDS OF COMPOUNDS IDENTIFIED DURING DISCOVERY STAGE FOR NEW ANTI-STRESS MOLECULES

CASE STUDY

Novel anti-stress chemistry

LOCATION: R&D HQ, HARPENDEN, UK

In 2016, using molecular biology, molecular docking and omics network visualisation techniques, we identified proteins and enzymes of interest, then refined our choices using 3D structure and design research, in-silico modelling and screening. This process enabled our team to select the top candidate molecules for further screening and optimisation ready for rigorous glasshouse and field trials.

These new molecules are currently being screened in the field before advancing to early development stage.

DEVELOPMENT

Applying rigour and innovation: high-quality trials and development at every stage

We develop and optimise formulation, stability and application rate/timing, then complete compatibility checks and small and demo plot field trials in target geographies. Final formulation products are then moved to product registration, trademarking, grower trials and manufacturing scale-up.

CASE STUDY

Tempus® foliar spray for soybean at vegetative stage

LOCATION: BRAZIL, ARGENTINA, USA

In 2016/17 grower trials of the Tempus® base formulation and on-farm technical trials were completed to prove compatibility with relevant agricultural inputs. Following formulation to include biostimulants, small plot trials in a variety of geographical and growing conditions provided promising results. This led to the advance of the project to late stage development. We are further refining the formulation, to be followed by registration, trademark, more grower trials and manufacturing scale-up.

DELIVERY

Taking effective products to market: establishing initial sales among progressive growers

At Market Introduction stage our pilot sales target progressive, early adopter growers via distributors they trust. In partnership with distributors we gather sales data and refine marketing plans for each season. Then at Market Scale-Up stage, progressive growers become advocates to drive main market sales and begin to build a significant market share.

FIRST TRIALS OF VERITAS® IN BRAZIL 2012/13

C. 2,000 VERITAS® TRIALS COMPLETED IN BRAZIL 2012–17

CASE STUDY

Veritas® – leading soybean crop enhancement product in Brazil

LOCATION: BRAZIL

During the 2016/17 season our continuing collaboration with Bayer CropScience (BCS) in Brazil saw a scale-up of Veritas® marketing and sales activity in Centre and South with approx. 4,300 growers buying Veritas® and the product successfully integrated into the BCS range. In 2017/18 season Veritas® is positioned as a leading crop enhancement product in Brazilian soybean with a 2x growth opportunity over next 2–3 years.

Setting standards in quality, efficacy and innovation

We are committed to delivering a level of confidence for growers and investors that goes beyond current accepted legal and regulatory requirements. Our industry niche is developing rapidly and in the absence of a set of requirements that encompass all of our operations, we have created our own.

We monitor our achievement of robust standards in efficacy, innovation, safety and compliance for all of our products and have committed to reporting on performance annually for those that have met all of the commitment criteria to achieve our standard mark, namely Veritas® and Fortalis® as at July 2017.

NATHAN GOLDSCHMIDT
MOARK Ag Research, USA

"We have worked with Plant Impact for two seasons. Their product testing protocols and training were very thorough and they worked with us to ensure data was returned accurately and efficiently."

DR TIAGO PEREIRA SALGADO
Agronomist Engineer, Director, Herbae Consultoria e Projetos Agrícolas Ltda

"Herbae is happy to work with Plant Impact as they share a robust approach to providing trustworthy data to Brazilian growers."

Commitment	FY16/17 Performance
Efficacy	
Yield and quality uplifts are independently proven, statistically significant and transparent. We share data to give a true and fair comparison, not just the best selection	
Our trials programme is comprehensive, conducted in small plot trials over a minimum of two seasons and in a range of growing environments in target geographies	
Our product statements are backed by trials that optimise results and allow us to give detailed application rate and timing guidance for specific crops and geographies	
Testing has proven physical compatibility with leading agricultural inputs that may be mixed and applied with the product	
Testing has proven biological compatibility with all partner agricultural inputs that may be mixed and applied with the product	
Analytical methods have been developed for key components and quality control tests routinely carried out	
Formulation has been tested to ensure stability for the target market through a combination of accelerated storage (-18°C to +50°C) and storage at ambient temperatures for up to three years	
Safety	
Formulations are either of no, or the lowest possible, hazard to both environment and the grower	
Raw materials have full traceability and total batch control	
Contract manufacturers are ISO 9001 or 14001 accredited	
Strict procedures control any potential cross-contamination within manufacturing operations	
Packaging meets UN quality standards and performance tests	
Compliance	
Full compliance with the Global Harmonised System, including Classification and Labelling (CLP) and REACH regulations in the EU	
Full compliance with all national product registration and international transport shipping regulations for road, sea and air	
We comply with all of the membership commitments set out by the European Biostimulants Industry Council (EBIC) and have a staff training programme for colleagues covering our EBIC and Quality Standard commitments	

Risk management framework and principal risks

Clear and robust risk management framework

The risk management framework includes:

- Identifying principal risks
- Assigning ownership of each risk at senior management level
- Assessing the potential impact of each risk and whether the risk is increasing, staying the same or decreasing
- Assessing the specific element of the strategy that the risk potentially compromises
- Deciding the appetite for each specific risk
- Identifying mitigation strategies as appropriate for each risk
- Ensuring ongoing monitoring and upward reporting of risk status

Plant Impact's overall approach to strategy and risk appetite

The Board of Plant Impact are responsible for setting strategy and defining a business model that is consistent with an appetite for risk that we feel is appropriate given the rewards available. Plant Impact has chosen a route that moderates risk and relies principally on self-generated funds from commercialised products for investment in R&D and working capital. We have in the past and intend in the future, to resort to capital markets in circumstances where we have defined development projects that are close to market launch, where the use of funds can be described and allocated against clearly defined outcomes. Our goal in the medium term is to grow the commercial business such that we become self-sufficient in generating the funds for investment.

This strategy is less reliant on external funding than the traditional "Pharma" type approach of a planned cash burn, funded by multiple investor rounds based on the promise of significant commercial returns at some point in the future. It is however not without its own risks, as it is dependant on the success of the short-term commercialisation strategy to fund long-term development of the intellectual property. As we saw in the year under review, if there is a hiatus in the cash generated by the commercialisation arm then external investment may be needed to ensure the continued momentum of the R&D driving future growth. The risk management governance framework adopted by the Board, recognises the specific risks inherent in this chosen business model and strategy.

Risk management governance structure and responsibilities

The Board sets the risk appetite of the Group, identifies the principal risks, defines the framework for managing risks across the organisation and agrees the delegation of authorities relating to risk. Although the Board retains overall responsibility for ensuring that the Group maintains a sound risk management framework and system of internal controls, it delegates day-to-day responsibilities to the Executive Directors. The Board also delegates responsibility to the Audit Committee for monitoring, assessing and reporting on the controls and the overall effectiveness of the risk management framework.

The Executive Directors are responsible for ensuring that the risk management framework and control processes are followed as prescribed. This includes overseeing the creation and ongoing maintenance of a Group risk register agreed with the Board and the completion of periodic assessments with senior management to track developments of the risk. This allows the risk register to be used for quarterly reporting back to the Board.

Some risks may arise from internal factors and the execution of the business model, but some will also be as a result of external factors, such as economic, political or governance constraints, over which Plant Impact has little or no direct control. Whether the risks are internally or externally driven, the Board seeks to ensure that the potential impacts across the business are understood and, where possible, appropriate and proportionate measures are adopted to avoid or mitigate such risks. There are limitations in any system of internal control and, accordingly, even the most effective system can provide only reasonable, not absolute, assurance against misstatement or loss.

Each function within the business identifies threats within their operations that could prevent the Group achieving its goals. The functions then propose relevant monitoring and mitigation plans. The risks are generally managed through regular business and project reviews where principal risks are discussed and existing management activities challenged. These include monthly project review meetings, formal quarterly risk assessments and other periodic reviews with the Board as required.

The Chief Financial Officer oversees the day-to-day operation of the risk management framework and associated periodic reviews on behalf of the Board.

Risk identification and management

The Plant Impact Board has put in place a process whereby each year the Board and senior management teams will set out a comprehensive business plan identifying objectives and setting strategies and budgets to achieve their goals. Through this, and any significant risk factors identified through other activities undertaken during the year, strategic and operational risks will be identified for reporting on within the Group risk register. This process was in place throughout the year under review.

All identified risks are assessed in terms of probability and impact, and are prioritised into the Group risk register. The appetite for each risk is also established to ensure that the appropriate level of mitigation and monitoring is planned into the ongoing oversight process.

The risk mitigation plans are managed on a day-to-day basis within the relevant objectives of Plant Impact's commercial operations and corporate functions. New risks are identified through senior management discussion (top down) and regular reporting from every part of the business (bottom up). A whistleblowing policy is also in place to enable the confidential reporting of malpractice or dishonesty.

A formal annual internal controls and effectiveness review is carried out on behalf of the Audit Committee to ascertain the effectiveness of the controls and mitigations that were applied to the risk registers. This final assessment is also reported back to the Board to demonstrate the overall effectiveness of the risk management process and to take any lessons forward into the framework for future years.

Risk management framework and principal risks continued

Principal risks
The principal risks shown below are those identified by the risk management framework as potentially most significant to the Group's prospects. Other risks not documented here have also been identified, but these are not expected to have such a significant impact and are managed as part of the normal risk management framework. Note 24 to the financial statements gives further detail on financial risks not documented here. The Principal Risks are assessed according to their impact on the overall Group Strategy as set out on pages 6 and 7.

RISK AND STRATEGIC IMPACTS	DESCRIPTION	MITIGATION	MOVEMENT
MAJOR CUSTOMER CONCENTRATION RISK 5	Currently more than 80% of revenue in the year to 31 July 2017 came through sales to Bayer CropScience (BCS), all of which related to the Veritas®/Fortalis® family of products. This concentration is expected to reduce in coming years, but is likely to remain significant. This presents a risk of a potential significant revenue reduction if BCS were to change their strategic focus away from crop enhancement technologies. Similarly there is also the risk that internal priorities within their organisation could result in a lack of focus on projects involving Plant Impact technologies. Their recent announcement of inventory issues in Brazil and the proposed acquisition of Monsanto are examples of issues that could impact their priorities. As seen recently, our self-generating funding model means a material reduction in revenues from BCS could impact the ability of Plant Impact to maintain R&D momentum without the support of shareholders. Given the strength of the Bayer business and balance sheet, it is not considered that the concentration risk leads to a consequential significant credit risk although this is monitored on a frequent basis.	We are developing other products and relationships with other partners to spread the concentration, although we recognise that commercial inertia will mean that it is likely to take time before such actions result in a material dilution of the risk. Commercialisation of the Banzai™ product has been actioned with Arysta LifeScience, and we are selling Fortalis® direct to distributors in North America. We are in discussions with BCS in Brazil over a new commercial structure of the Veritas® agreement that, if successfully concluded, could materially reduce the potential volatility of earnings from that relationship.	
LIQUIDITY RISK 1 2 3 4	The business has not yet achieved sustainable cash flow generation. In the year ended 31 July 2017, including investments, £2.0m of cash was consumed by operations and investments over the 12 month period. Funds were increased just prior to the year end by a placing of £4.0m of new shares, leaving £7.2m of cash on the balance sheet at the year end. The budget for the current financial year anticipates further cash consumption, with the magnitude reliant in part on the success of a number of commercial and corporate actions from which internal cash generation is assumed. If they are not successful then a significant proportion of the Group's cash resources could be consumed. This could result in investment plans having to be curtailed to preserve remaining resources or, in extremis, the need to raise additional funds.	Cash-generating activities have been specifically prioritised within the business plan to ensure that they are given the maximum opportunity of success. The business planning process prioritised investment actions and resulted in a number of proposed investment activities either being postponed, reduced in scale or ceased altogether. Progress in cash generation against the business plan is monitored on a monthly basis and investment activities adjusted accordingly.	

Risk Description Key
Strategy impact:

FOCUS ON PLANT RESPONSES
TARGET MODEL CROPS
DEVELOP CHEMICAL SOLUTIONS
CREATE REPLICABLE R&D PLATFORM
COMMERCIALISE PRODUCTS TO FUND R&D

RISK STAYING THE SAME
RISK INCREASING
RISK DECREASING

RISK AND STRATEGIC IMPACTS	DESCRIPTION	MITIGATION	MOVEMENT
DEVELOPMENT RISK 1 3 4	The business is primarily an R&D operation that is developing new technologies and applying them to specific crops in specific regions to enhance the yield or quality of the produce. Development activities take time and are costly and there is no guarantee when started that they will produce products that deliver demonstrable yield-enhancement results. Equally it may be that the products developed lack the novelty required to distinguish them from existing technologies and products and are hence not commercially viable. Work over the last 12 months to expand our pipeline of molecules being tested has reduced this risk.	Use collaborations with external researchers to continually improve the pipeline of new molecules and include high-throughput screening for crop enhancement technologies to maximise the number of development tests. This will ensure the highest chance of success and develop a "technical architecture" which will refine the company's view of the universe of potential compounds and mixtures that might have crop enhancement properties, ensuring that testing is focused on those compounds that have the greatest chance of success. Conduct regular reviews of developments and trials to ensure that activities are terminated as soon as it is clear they will not yield success.	
COMMERCIALISATION RISK 5	Despite having scientifically proven products, there is a risk that we fail to convince growers to adopt the product in sufficient numbers to establish meaningful market share in chosen markets. Market conditions may not be favourable for the launch of new technologies, with crop prices, historic yield performance, availability of credit, foreign exchange risk and concern over weather patterns all potentially impacting the appetite for growers to invest in new chemical inputs. Products that we commercialise may be superseded by competitive products resulting in us losing market share. This potentially threatens our ability to generate sufficient cash to fund R&D activities. Evidence from the first years of commercialisation of our products suggests that although the long-term prospects for the products are good, in the short-term, given the competing pressures on growers, it will prove more challenging than expected to gain the necessary traction to achieve sustainable revenues at commercially acceptable levels.	Align ourselves with commercial partners with the brand recognition and marketing presence to maximise grower recognition. Capture market data of usage and retention rates and segment the market to focus early stage marketing on key influencers within the grower community. Provide on-the-ground technical sales and product support to assist channel partners in their support of growers. Having demonstrated the commercial success of specific products seek to re-negotiate commercial arrangements to reduce potential earnings volatility whilst giving commercial partners the maximum freedom to implement innovative marketing approaches. Monitor competitor actions to get early warning of potential new competitive products and amend marketing plans to react accordingly.	

Risk management framework and principal risks continued

RISK AND STRATEGIC IMPACTS	DESCRIPTION	MITIGATION	MOVEMENT
INTELLECTUAL PROPERTY AND REGULATION RISK 4 5	The business model of the Group is to invest significant R&D and commercial resources in developing novel products that enhance the yield or quality of specific crops. In order to achieve a return on the investments made, the Group must ensure that the intellectual property developed is protected to ensure that it alone can exploit the developments achieved. The business model will fail if the Group is unable to achieve protection of its products and others are able, either legally or otherwise to produce and market copies of the products. Equally sales of products into regions depend on the Group obtaining registrations of those products within the region for their importation and sale. Failure to achieve registrations by specific times may result in products missing seasonal application windows, delaying commercialisation by a full season and potentially allowing first-mover advantage to be lost.	The Group seeks to apply for patent protection on all new technologies in the key markets where it anticipates exploiting those technologies. It will robustly defend any breach of its patent protections. In addition, the Group maintains manufacturing relationships with a very small number of contract manufacturers, all of whom are currently based in the European Union – which it considers to be a relatively safe environment to prevent the leakage of intellectual property. Additionally, trademark protections are applied for all names of products within each major country of sale. To ensure regulation of products is managed proactively, the Group has invested in specific resource focused exclusively in maintaining existing and achieving new registrations. Where strategic partners are used to market products in particular countries or regions then trademark and product registrations are managed in conjunction with them to ensure the most efficient protection.	
SUPPLY CHAIN AND LOGISTICS RISK 5	The Group's business model involves the sale of ready to use manufactured products. Accordingly the Group is responsible for the sourcing of raw materials, the manufacture of the finished products and the logistics of distributing them to sales channel partners. In order to preserve working capital the Group primarily makes to order, so relies on its logistics channel to ensure that products arrive when required in region. If products failed to arrive at sales channel partners, or were found to be incorrectly formulated when they arrived then there would be significant risk that the growing season would be missed with a potential missed revenue opportunity and damage to the long-term credibility of both the specific product and the Group's reputation.	The Group works with a very small number of manufacturing partners to ensure the quality of its manufacturing process. New formulations go through significant testing before sale to ensure the contract manufacturer is able to achieve the volumes and quality required. Ranged scenarios of volume requirements are shared with manufacturers as early as possible to allow raw material procurement planning. On occasions the Group will assume contingent risk for unused specific raw materials in the event that expected orders do not materialise. Where possible the Group uses tried and tested logistics routes for shipping and splits major orders across multiple shipping routes to minimise the risk of orders being stuck on a single ship. When selling to sales channel partners with in-house shipping and importation expertise then shipping terms are used which pass the responsibility to them for the shipping as early in the logistics chain as possible.	

RISK AND STRATEGIC IMPACTS	DESCRIPTION	MITIGATION	MOVEMENT
FOREIGN EXCHANGE RISK 5	The Group generates significant amounts of its revenue in currencies (eg US Dollars) that are different to the majority of its cost base, which is primiarily Sterling. There is therefore a risk that if Sterling strengthens against the US Dollar margins will be impacted as it is unlikely that the effectively lower revenues will be able to be passed on to customers through increased prices. The lower margins and associated cash flow could result in reduced resources available to fund further investments in R&D and commercial plans.	The Group uses fixed forward exchange contracts to lock in commercially available rates when it considers it has the necessary certainty on amount and timing of US Dollar receipts. Equally the Group seeks to use natural hedges by, where possible, purchasing in US Dollars. Where costs are incurred in foreign currencies in which is does not expect to generate revenues then fixed forward contracts are used to purchase those currencies forward typically up to six months ahead. The Group does not enter into speculative foreign currency trading.	
HUMAN RESOURCES RISK 1 2 3 4	As an R&D organisation developing intellectual property, recruiting and retaining quality individuals is paramount to our success. Without a stable and committed R&D team in particular, development projects could fail or become materially delayed by the disruption caused by changes in personnel at key points in the project.	The Group places great importance on internal communications to ensure that staff are kept fully aware of business developments. In part this is achieved through a monthly multi-lingual meeting with all staff conducted face to face and via video-conference. Remuneration packages are designed to be competitive and share options are awarded to key personnel so they have a link to the long-term prospects of the Group. To mitigate the impact of the loss of individual team members, systems are in place to ensure common processes and clear documentation of all R&D findings so that responsibilities for projects can transfer with as little disruption as possible.	

Board of Directors

Dr David Jones
– Non-Executive Chairman

David joined Plant Impact in February 2011 as Non-Executive Chairman. He has extensive senior level experience in the agribusiness sector which has proved relevant and invaluable in driving Plant Impact's progress.

David was the Chairman of Arysta LifeScience between 2008 and 2010. Prior to this he was Head of Business Development for Syngenta International from 2000 to 2007. During this time, he spearheaded the Syngenta merger, which involved the simultaneous demerging of the agricultural businesses of Novartis and Zeneca, their unification in a new entity, Syngenta, and its immediate flotation on three stock exchanges.

Between 1997 and 2000, David was the director responsible for Zeneca's Asia, Africa and Australia operations and, prior to this, was Chairman of Zeneca China.

John Brubaker
– Chief Executive Officer

John is an agribusiness and technology leader with a successful track record in both multinational and growth-phase businesses. Prior to joining Plant Impact as CEO in September 2011, he was Global Head of Business Development at Arysta LifeScience, a private equity-sponsored agrochemical multinational where he was responsible for strategic initiatives, global acquisitions and divestitures. John led the Group's expansion in emerging markets, working with regional management and Arysta's equity sponsors to drive initiatives and investments in South Africa, India, Mexico, Brazil and Russia.

Prior to his career in agriculture, John worked as a sales and marketing professional in the high-technology sector, delivering commercial growth and new product development for telecommunications, hosted software and passive-RFID technology businesses.

John holds a Bachelor's degree from Yale University and a Master's from the Johns Hopkins School of Advanced International Studies. A US citizen, he is a full-time resident of the United Kingdom.

Richard Amos
– Chief Financial Officer

Richard joined Plant Impact in May 2016, after holding the position as Group Finance Director of Anite plc from 2009 until its acquisition by Keysight Technologies in August 2015. During Richard's tenure, Anite grew to become an internationally successful technology group with operations in 14 countries in Europe, Asia, the Americas and the Middle East. Until its acquisition Anite was listed on the main market of the London Stock Exchange.

Since qualifying as a Chartered Accountant with Ernst & Young, Richard has served as Group Finance Director for a number of growing, innovative and successful technology companies including Agilisys, Retail Decisions plc and VEGA Group plc. He holds an MA in Management Studies and Engineering from Downing College, Cambridge University.

Chris Tyler
– Non-Executive Director

Chris was appointed as Independent Non-Executive Director in May 2015. He is a senior finance professional with more than 30 years' experience in technology, telecommunications and professional services businesses.

His background in corporate governance and investor relations coupled with broad financial experience enable him to bring an independent perspective to the business as it continues its growth trajectory.

Chris currently serves as Group Finance Director at Porvair plc, a specialist filtration and environmental technology business, a position he has held since 2004. During Chris's tenure the company has achieved significant international growth, both organically and through acquisition.

Prior to Porvair, he held a number of senior financial positions at Cable & Wireless between 1998 and 2002, including Director of Investor Relations and, from 2002 to 2003, Chief Financial Officer for Cable & Wireless in the Caribbean.

A Chartered Accountant by profession, Chris spent his early career with Deloitte and holds a BSc in Engineering from the University of Exeter.

Directors' Report

The Directors present their report and audited financial statements for the year ended 31 July 2017.

Principal activity
The principal activity of the Group is to develop and market crop enhancement products to deliver yield and quality benefits for growers.

Business review
The business review is covered within the Strategic Report on Pages 2 to 35. The Group's strategy, objectives, performance versus key performance indicators, likely future developments, and risks and uncertainties are discussed throughout that report.

Directors and their interests
The Directors who held office during the year and their interests as at 31 July 2017 were:

Director	Shares held
D Jones	2,222,571
J Brubaker	660,000
C Tyler	20,000
R Amos	–

Independent Auditor
The Audit Committee has recommended to the Board of Directors that the incumbent auditor, RSM UK Audit LLP be reappointed. RSM UK Audit LLP have expressed their willingness to continue in office as auditor and a resolution for their reappointment will be proposed at the forthcoming Annual General Meeting.

Research and development
Research and development (R&D) forms a significant element of the Group's activities. Details of the research and development progress through the year, including the amounts expensed through the income statement and the amounts capitalised as intangible assets, are included within the Chairman's Statement and the Chief Executive's Review within the Strategic Report. In addition, the Group published an R&D Platform and Pipeline review on 15 August 2017 which may be found on its website.

Key performance indicators (KPIs)
The KPIs of the business are those which track the progress made in commercialising products and research and development of new technologies and products. This means KPIs therefore are revenue, gross profit margin, operating expenses, research and development expenditure, and available cash. Performance of the business against its KPIs are discussed in the Strategic Report on pages 12 to 15.

Financial risk management objectives and policies
Details of the Group's financial risk management objectives and policies are disclosed in note 24.

The Group's treasury policy is one of conservatism, as approved by the Board. The Group does not undertake speculative transactions which would increase its currency or interest risk exposure.

Payables
The Group agrees terms and conditions for business transactions with its suppliers. Payment is then made on these terms, subject to the terms and conditions being met by the supplier.

Substantial shareholdings
The Directors have been notified of the following shareholdings exceeding 3% of the Group's share capital as of 6 October 2017:

	Ordinary Shares	
	Number	%
New City Investment Managers	8,811,208	9.31%
Livingbridge VC LLP	8,475,612	8.96%
Enterprise Ventures Ltd	6,677,131	7.06%
Polar Capital LLP	6,647,000	7.03%
FIL Investments International	5,668,830	5.99%
Canaccord Genuity Group Inc.	4,786,542	5.06%
Arysta LifeScience Corporation	4,560,530	4.82%
Mr Michael Bennett	4,071,667	4.30%

Employees

The Group involves all its employees in its corporate objectives, plans and performance and on other relevant matters of interest to employees through various communication methods and regular meetings. The Group is an equal opportunity employer and does not discriminate in the recruitment and promotion of staff. All eligible employees are included in the Group's bonus incentive plan and the majority have historically been awarded share options.

On average, during the year ended 31 July 2017, the Group employed 56 full-time staff (2016: 37 employees). From time to time, the Group supplements key roles and organisational functions with third parties, contractors and outsourced service providers. The Group's full-time-equivalent workforce at 31 July 2017 was 66 (31 July 2016: 60).

Safety, health and environment

Plant Impact is committed to maintaining high standards of safety, health and environmental protection by conducting itself in a responsible manner to protect people and the environment.

Directors' third-party indemnity provisions

During the financial period, a qualifying third-party indemnity provision for the benefit of the Directors was in place.

Going concern

Having made reasonable enquiries, the Directors are of the opinion that the Group has adequate resources to continue in operational existence for the foreseeable future and hence these financial statements have been prepared on a going concern basis. Further details are disclosed within note 2 to the Group financial statements.

Statement of disclosure to Auditor

The Directors at the date of approval of this report confirm that:

- there is no relevant audit information of which the Group's Auditor is unaware; and
- the Directors have taken all steps that they ought to have taken as Directors to make themselves aware of any relevant audit information and to establish that the Group's Auditor is aware of that information.

By order of the Board

RICHARD AMOS
COMPANY SECRETARY
6 October 2017

Corporate Governance Statement

The Directors are committed to maintaining high standards of Corporate Governance. This statement sets out how the Board has applied the principles of good Corporate Governance, relevant to the Group's size and complexity, in its management of the business during the year ended 31 July 2017. The Directors publish this statement whilst noting that as the Company's shares are quoted on AIM, a market operated by London Stock Exchange plc, it is not formally required to comply with the UK Corporate Governance Code or to publish a detailed Corporate Governance Statement.

The Board

The Board is responsible for overall strategy, major finance matters and internal financial control. It also monitors executive management in the business through its review of financial, strategic and operational matters.

The Board currently comprises two Executive and two Non-Executive Directors. The Non-Executive Directors, David Jones and Chris Tyler, both have relevant and complementary expertise gained from differing business backgrounds, materially enhancing the judgement and overall performance of the Board.

The Board considers Chris Tyler to be independent in character and judgement and free from any business or other relationships that could materially interfere with the exercise of his judgement. The Board also considers the Non-Executive Chairman, David Jones, to be independent in both character and judgement.

As part of its leadership and control of the Group, the Board has an agreed schedule of matters that are specifically reserved for its consideration. These include strategy and management, approval and monitoring of budgets, financial reporting, internal controls, major contracts, external communications with investors, Board appointments and remuneration, appropriate delegation of authority and corporate governance matters.

The Board meets regularly at least five times per year in person and via teleconference an additional six times per year. It receives timely documentation ahead of meetings including reports from the Executive Directors on their areas of responsibility.

Board committees

The Board has established Audit, Nomination and Remuneration Committees, each with defined terms of reference.

Audit Committee

This comprises the Non-Executive Directors, with Chris Tyler as Chairman since 31 July 2016. Chris Tyler is currently the Group Finance Director of Porvair Plc, a role he has held since 2004. In the view of the Board this provides the relevant financial expertise to fulfil the role of the Audit Committee Chairman. The Committee meets at least three times each year and the meetings are arranged to tie in with the Group's financial calendar. The external auditors attend the meetings at which half-year or full-year results are reviewed, both in the presence and absence of management.

The Committee's terms of reference include reviewing the Group's accounting policies, financial reporting, internal control and risk management processes. It also reviews the need to appoint an internal audit function and considers the appointment and fees of the external auditors together with their independence and objectivity. The outcomes of the meetings are reported to the Board.

Remuneration Committee

This comprises the Non-Executive Directors with David Jones as Chairman. It meets at least twice each year and more regularly if circumstances require. It makes recommendations to the Board on the policy, structure and amount of the remuneration of the Executive Directors. The Committee also reviews and approves share-based compensation schemes and awards for all levels of employees in the Group.

The Directors' Remuneration Report is set out on pages 42 and 43.

Nomination Committee

The Committee comprises the Non-Executive Directors, with David Jones as Chairman. The Committee has met once this year. The Committee's terms of reference includes providing a transparent process and procedure for the appointment of new Directors to the Board, reviewing the leadership needs of Plant Impact Plc, identifying and nominating candidates for appointment to the Board, evaluating the balance of skills and knowledge and experience required on the Board and succession planning. The outcomes of Nomination Committee meetings are reported to the Board.

Attendance at meetings

The number of, and attendance of members at, Board and committee meetings during the year are shown below.

Total meetings in period	Board Meetings[1]	Audit Committee Meetings	Remuneration Committee Meetings	Nomination Committee Meetings
David Jones	16/16[2]	3/3	2/2[2]	1/1[2]
Chris Tyler	15/16	3/3[2]	2/2	1/1
John Brubaker	15/16	–	–	–
Richard Amos	16/16	–	–	–

1 Of the 16 Board meetings in the year, 11 were formal meetings attended by all Directors. A further five were ad-hoc meetings called to discuss specific issues.
2 Denotes Chairman status

Where a Director is unable to attend a particular meeting, full documentation for the meeting is issued to them, their views are sought in advance and briefings are provided subsequent to the meeting as appropriate.

Compliance with the QCA Code

The Company is a member of the Quoted Companies Alliance (QCA). The QCA publishes its own Corporate Governance Code (the QCA Code). Recognising that good corporate governance helps deliver business success and growth, in the previous financial year the Board worked on ensuring full compliance with the Code and has maintained that throughout this year.

Board evaluation

In line with best practice, the Board conducted a self-assessment to identify its strengths and weaknesses. Feedback was positive overall, with the Board culture scoring particularly highly. The members of the Board felt that it is functioning well overall with strong, trusting relationships and commonality of purpose and direction. Nonetheless, some areas for improvement were identified, such as needing further work on succession planning and, longer term, the need for an additional Non-Executive Director. Actions to address these matters are planned when appropriate.

Risk assessment and internal controls

The Directors are responsible for ensuring that the Group maintains a system of internal control and for reviewing its effectiveness. There are practical limits to what can be achieved in a Group of Plant Impact's size. Accordingly, the system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. Details of the Directors' approach to risk are set out in the Strategic Report – Risk Management Framework and Principal Risks on pages 30 to 35.

The Group has established an Executive Committee comprising the Chief Executive Officer and all other functional heads. The Executive Committee meets at least once a month to monitor and review progress on each of the Group's projects as well as general finance, HR and management matters. Each member of the Committee operates within a clearly defined Group structure and has appropriate operational authority.

The Group, in administering its business, has put in place strict authorisation, approval and control levels within which senior management operates. These controls reflect the Group's organisational structure and business objectives. This control system includes clear lines of accountability to cover all areas of the organisation. The Group has a comprehensive budgeting and reporting system in place such that financial performance is monitored both by the Executive Committee and the Board. This includes a comparison of actual results to budget, variance analysis and re-forecasting of projected results.

Shareholder relations

The Board recognises the importance of continual communication with shareholders and maintains a programme of regular dialogue with its investors, including presentations following the Group's announcements of its preliminary full-year figures and half-year results. Separate announcements of all material events are made as necessary by press releases that are posted on a Regulatory Information Service and on the Group's website. The website also provides additional information about the Group and allows access to reports and accounts, press releases and other materials issued by the Group. There is also an opportunity at the Group's Annual General Meeting for individual shareholders to raise general business matters with the full Board. The Chairmen of the Audit, Remuneration and Nomination Committees are available at the Annual General Meeting to answer questions.

Plant Impact's share price is available via a link on its website (www.plantimpact.com) to the London Stock Exchange plc website and via the London Stock Exchange plc's website (www.londonstockexchange.com) using the symbol PIM.

Directors' Remuneration Report

Remuneration policy

The Remuneration Committee's policy is to set remuneration packages for the Executive Directors that are competitive with the market, allowing the Group to attract, motivate and retain executives of the highest calibre. Remuneration packages are designed to reward executives for performance via annual bonus payments and awards of share-based payments, which together constitute a potentially significant proportion of the total remuneration opportunity.

The remuneration of Executive Directors comprises the following elements:

- **Emoluments**
This reflects the market rate for each position and the individual Director's experience and value to the business. Salaries are reviewed annually by reference to comparative information. In addition, the Group operates a discretionary bonus scheme.

- **Benefits**
These comprise life insurance cover, healthcare insurance and, for the Chief Executive only, the provision of tax advice associated with his status as an ex-patriate US citizen.

- **Pensions**
For the Chief Executive only, the Company makes contributions to a defined contribution pension scheme. In line with the arrangements for all employees, the Company contributes 5% provided the Director makes a minimum 2.5% contribution. This arrangement commenced in December 2015.

- **Share-based payments**
Executive share options have historically been granted to Directors under share option schemes operated by the Group. The share options granted to individual Directors to date are disclosed later in this report and include grants made in prior years. All share options granted are subject to continued employment.

Non-Executive Directors receive a fee only with no additional benefits, bonuses or option grants.

Directors' contracts

The Executive Directors have a service contract of indefinite term with a notice period of no more than one year. Non-Executive Directors have Letters of Appointment which are terminable by the Director or the Company with three months' notice. David Jones was appointed on 10 February 2011; Chris Tyler was appointed on 1 May 2015.

Directors' remuneration

Details of the remuneration (excluding share-based payments) of those who served as Directors are set out below:

	Emoluments and benefits £'000	Bonus £'000	Pension £'000	Year ended 31 July 2017 £'000	Year ended 31 July 2016 £'000
Executive Directors					
J Brubaker	**300**	-	**14**	**314**	263
R Amos	**192**	-	-	**192**	43
Non-Executive Directors					
D Jones	**150**	-	-	**150**	150
C Tyler	**26**	-	-	**26**	25
Total	**668**	-	**14**	**682**	481

R Amos was appointed to the Board on 10 May 2016.

Directors' share options

At 31 July 2017, the Directors had options to subscribe for ordinary shares under the Group's share option scheme as follows:

	Options held at 1 August 2016	Movement in the period	Options held at 31 July 2017	Exercise price	Date of grant	Expiry date
J Brubaker	2,822,100	-	**2,822,100**	24.3p	01/08/2012	01/08/2022
J Brubaker	4,800,000	-	**4,800,000**	1.0p	31/07/2015	31/07/2025
R Amos	2,400,000	-	**2,400,000**	1.0p	18/05/2016	18/05/2026
	10,022,100	-	**10,022,100**			

Options granted to Executive Directors since November 2014 were granted under the Value Creation Plan which was approved by shareholders at the AGM in November 2014. Options granted under this plan are subject to performance conditions as detailed in the table below and will lapse if the conditions are not satisfied. Included in the conditions is a restriction preventing sale of shares from vested options for at least five years from the date of grant.

Share Price Hurdle	Gross Profit	Number of options granted to John Brubaker	Number of options granted to Richard Amos
at least 50 pence	£4 million	800,000	-
at least 70 pence	£4 million	800,000	480,000
at least 90 pence	£8 million	800,000	480,000
at least 110 pence	£8 million	800,000	480,000
at least 130 pence	£12 million	800,000	480,000
at least 150 pence	£12 million	800,000	480,000
Total		**4,800,000**	**2,400,000**

The market price of the Group's shares at the end of the financial period was 30.5 pence and the range of market prices during the period was between 27.5 pence and 55.5 pence.

DR DAVID JONES
CHAIRMAN OF THE REMUNERATION COMMITTEE
6 October 2017

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare group and company financial statements for each financial year. The Directors are required by the AIM Rules of the London Stock Exchange to prepare group financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and have elected under company law to prepare the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

The group financial statements are required by law and IFRS adopted by the EU to present fairly the financial position and performance of the Group; the Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period.

In preparing each of the group and company financial statements, the Directors are required to:

a. select suitable accounting policies and then apply them consistently;

b. make judgements and accounting estimates that are reasonable and prudent;

c. for the group financial statements, state whether they have been prepared in accordance with IFRSs adopted by the EU and for the company financial statements state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the company financial statements;

d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Plant Impact plc website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the Board

DR DAVID JONES
CHAIRMAN
6 October 2017

Independent Auditor's Report to the members of Plant Impact plc

FOR THE YEAR ENDED 31 JULY 2017

Opinion

We have audited the financial statements of Plant Impact plc (the 'parent company') and its subsidiaries (the 'Group') for the year ended 31 July 2017 which comprise the Group statement of comprehensive income, the Group statement of changes in equity, the Group statement of financial position, the Group cash flow statement, the parent company balance sheet, the parent company statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 July 2017 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to SME listed entities and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Going concern

The Group reported a loss before tax for the year and the Directors have reviewed cash flow forecasts in their consideration of the appropriateness of the going concern basis of preparation.

Our response to the risk included:

- Audit of the forecasts provided by management for the period to 31 January 2019.
- Challenge of the key assumptions within the forecasts, Directors' sensitivity analysis and the Directors' conclusion on the adoption of the going concern basis.

We note that the financial statements include detailed disclosure of the Directors' consideration of the appropriateness of the going concern basis preparation in the accounting policies in note 2 to the consolidated financial statements.

Capitalisation of development costs

The Group capitalises costs in relation to development activities as intangible assets in accordance with the research and development expenditure accounting policy. The capitalisation of development costs requires management to make judgements about which products meet the recognition criteria for capitalisation.

Independent Auditor's Report to the members of Plant Impact plc continued

Our response to the risk included:

- Audit of management's judgements as to which products meet the capitalisation criteria, including discussion with relevant personnel to confirm the stage of development of a sample of products.
- Corroboration of a sample of staff costs capitalised to timesheets maintained by management.
- Corroboration of a sample of invoiced costs capitalised.

We note that note 3 in the consolidated financial statements includes descriptions of the significant judgements made by management to determine the amount of development expenditure it is appropriate to capitalise.

Impairment of intangible fixed assets

Management carried out an impairment review of the carrying value of goodwill and capitalised development costs in relation to the Pest Control segment and made significant judgements and assumptions.

Our response to the risk included:

- Audit of the impairment review completed by management.
- Challenge and corroboration of the key assumptions used in the impairment review.

We note that the financial statements include details of the key assumptions and significant judgements made in the impairment review in note 14 of the consolidated financial statements.

Revenue recognition

The Group generates non-product-related income arising from product licence agreements in accordance with the revenue recognition accounting policy.

Our response to the risk included:

- Audit of management's judgement in relation to the element of fee income recognised in the year.
- Audit of terms of licence agreements in conjunction with activities in the year.

We note that revenue recognition on initial fee income is included as a critical accounting judgement in note 3 in the consolidated financial statements.

Our application of materiality

When establishing our overall audit strategy, we set certain thresholds which help us to determine the nature, timing and extent of our audit procedures and to evaluate the effects of misstatements, both individually and on the financial statements as a whole. During planning, we determined a magnitude of uncorrected misstatements that we judge would be material for the financial statements as a whole (FSM). During planning FSM was calculated as £254,000, which was not adjusted during the course of our audit. We agreed with the Audit Committee that we would report to them all unadjusted differences in excess of £10,000, as well as differences below those thresholds that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit

The audit was scoped to ensure that we obtained sufficient and appropriate audit evidence in respect of:

- The significant business operations of the Group.
- Other operations which, irrespective of size, are perceived as carrying a significant level of audit risk whether through susceptibility to fraud, or for other reasons.
- The appropriateness of the going concern assumption used in the preparation of the financial statements.

The audit was scoped to support our audit opinion on the Company and Group financial statements of Plant Impact plc and was based on Group materiality and an assessment of risk at Group level.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement set out on page 44, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: http://www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

GRAHAM RICKETTS
(SENIOR STATUTORY AUDITOR)
For and on behalf of RSM UK Audit LLP,
Statutory Auditor
Chartered Accountants

The Pinnacle
170 Midsummer Boulevard
Milton Keynes
Buckinghamshire
MK9 1BP

6 October 2017

Group Statement of Comprehensive Income

FOR THE YEAR ENDED 31 JULY 2017

	Note	£'000	Year ended 31 July 2017 £'000	£'000	Year ended 31 July 2016 £'000
Revenue from product sales		**8,061**		6,823	
Fees		**389**		388	
Total revenue	5		**8,450**		7,211
Cost of sales			**(1,720)**		(1,575)
Gross profit			**6,730**		5,636
Sales and marketing costs			**(5,298)**		(2,914)
Research and development costs			**(2,636)**		(1,754)
Other administrative expenses			**(1,786)**		(1,180)
Operating loss before share-based payments and restructuring costs			**(2,990)**		(212)
Share-based payments			**(893)**		(1,009)
Restructuring costs			**(177)**		-
Total operating loss	5,6		**(4,060)**		(1,221)
Finance income	8		**3**		13
Finance cost	9		**(1)**		(11)
Net finance income			**2**		2
Loss before tax			**(4,058)**		(1,219)
Income tax credit	11		**928**		514
Loss for the period attributable to equity shareholders			**(3,130)**		(705)
Exchange differences on translating foreign operations – may be subsequently reclassified to profit or loss			**(1)**		(1)
Total comprehensive income attributable to equity shareholders			**(3,131)**		(706)
Loss per ordinary share attributable to equity shareholders					
Total and continuing:					
Basic and diluted	13		**(3.8) pence**		(0.9) pence

Group Statement of Changes in Equity

FOR THE YEAR ENDED 31 JULY 2017

	Share capital £'000	Share premium £'000	Other reserve £'000	Merger reserve £'000	Retained losses £'000	Total equity £'000
Balance at 31 July 2015	814	20,439	208	287	(13,230)	8,518
Share issue (net)	2	33	–	–	–	35
Share-based payments	–	–	796	–	–	796
Forfeited and exercised share options	–	–	(24)	–	24	–
Transactions with owners	2	33	772	–	24	831
Foreign exchange on translation	–	–	–	–	(1)	(1)
Loss for the period	–	–	–	–	(705)	(705)
Total comprehensive income	–	–	–	–	(706)	(706)
Balance at 31 July 2016	816	20,472	980	287	(13,912)	8,643
Share issue	130	3,883	–	–	–	4,013
Costs of share issue	–	(240)	–	–	–	(240)
Share-based payments	–	–	958	–	–	958
Forfeited and exercised share options	–	–	(6)	–	6	–
Transactions with owners	130	3,643	952	–	6	4,731
Foreign exchange on translation	–	–	–	–	(1)	(1)
Loss for the period	–	–	–	–	(3,130)	(3,130)
Total comprehensive income	–	–	–	–	(3,131)	(3,131)
Balance at 31 July 2017	**946**	**24,115**	**1,932**	**287**	**(17,037)**	**10,243**

Group Statement of Financial Position

AS AT 31 JULY 2017

	Note	31 July 2017 £'000	31 July 2016 £'000
ASSETS			
Non-current assets			
Intangible assets	14	**4,381**	2,976
Property, plant and equipment	15	**466**	448
		4,847	3,424
Current assets			
Inventories	16	**74**	39
Trade and other receivables	17	**829**	2,313
Corporation tax receivable	18	**833**	888
Cash and cash equivalents	19	**7,204**	5,564
		8,940	8,804
Total assets		**13,787**	12,228
LIABILITIES			
Current liabilities			
Borrowings	20	**–**	(50)
Trade and other payables	21	**(2,961)**	(2,565)
		(2,961)	(2,615)
Liabilities falling due after more than one year	21	**(583)**	(970)
Total liabilities		**(3,544)**	(3,585)
Net assets		**10,243**	8,643
EQUITY			
Equity attributable to equity shareholders of the Company			
Share capital	22	**946**	816
Share premium		**24,115**	20,472
Other reserve		**1,932**	980
Merger reserve		**287**	287
Retained losses		**(17,037)**	(13,912)
Total equity		**10,243**	8,643

The Group financial statements were approved and authorised for issue by the Board of Directors on 6 October 2017 and were signed on its behalf by:

DR DAVID JONES
CHAIRMAN
Plant Impact plc
Company number: 5442961

Group Cash Flow Statement

FOR THE YEAR ENDED 31 JULY 2017

	Note	**Year ended 31 July 2017 £'000**	Year ended 31 July 2016 £'000
Cash flows from operating activities			
Loss before tax		**(4,058)**	(1,219)
Adjusted for:			
Depreciation and amortisation	14,15	**270**	146
Loss on disposal of fixed assets	15	**-**	4
Net foreign exchange loss/(gain)		**116**	(175)
Share-based payments	23	**893**	1,009
Finance income	8	**(3)**	(13)
Finance cost	9	**1**	11
Operating cash flows before working capital changes		**(2,781)**	(237)
Decrease/(increase) in trade and other receivables	17	**1,416**	(1,012)
(Increase)/decrease in inventories	16	**(35)**	79
Increase in trade and other payables	20,21	**151**	945
Decrease in deferred income	21	**(67)**	(388)
Cash absorbed by operations		**(1,316)**	(613)
Research and development tax credit received		**1,020**	-
Overseas corporation tax paid	11	**(21)**	(86)
Net cash outflow from operating activities		**(317)**	(699)
Cash flows from investing activities			
Purchase of property, plant and equipment	15	**(136)**	(196)
Expenditure on intangible assets	14	**(1,552)**	(1,169)
Interest received	8	**3**	13
Net cash absorbed by investing activities		**(1,685)**	(1,352)
Cash flows from financing activities			
Proceeds from issue of share capital (net of expenses)		**3,773**	35
Interest paid	9	**(1)**	(11)
Net cash generated by financing activities		**3,772**	24
Increase/(decrease) in cash and cash equivalents		**1,770**	(2,027)
Exchange losses on cash and cash equivalents		**(130)**	(42)
Cash and cash equivalents at the beginning of the period		**5,564**	7,633
Cash and cash equivalents at the end of the period	19	**7,204**	5,564

Notes to the Group Financial Statements

1. Nature of operations and general information

Plant Impact plc is the Group's ultimate parent company. It is incorporated and domiciled in England and Wales as a public limited company. The address of Plant Impact plc's registered office, which is also its principal place of business, is Rothamsted, West Common, Harpenden, Hertfordshire, AL5 2JQ, United Kingdom. Plant Impact plc's shares are quoted on AIM, a market operated by London Stock Exchange plc.

The principal activities of the Group are described in the Directors' Report on page 38.

2. Significant accounting policies

Statement of compliance

The consolidated financial statements of Plant Impact plc have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations as endorsed by the EU ("IFRS"), and the requirements of the Companies Act applicable to companies reporting under IFRS.

Basis of preparation

The consolidated financial statements have been prepared under the historical cost convention. The consolidated financial statements are presented in round thousands Sterling (£) which is also the functional currency of the Group.

The accounting policies have been applied consistently throughout the Group for the purposes of preparation of these Group financial statements.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 1 to 35. The financial position of the Group, its cash flows and liquidity position including the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments; and its exposures to credit risk and liquidity risk are described in note 24 to the Group financial statements and in the risk section on pages 30 to 35.

The Group has undertaken a review of forecasts and projections, which have been prepared for the period to 31 January 2019. These indicate anticipated growth in product revenues and cash flows. The projections take into account the new business opportunities highlighted in the Strategic Report, the timing and quantum of which will affect the Group's cash requirements, which are continually monitored by the Board. The sensitivity analysis undertaken included a number of scenarios surrounding uncertainties of achieving forecast product revenues and a review of the ability of the Group to manage its cost base to meet working capital and funding requirements in the event that forecast revenues and cash flows are not achieved. This review supports the Directors' conclusion that the Group should be able to operate within the level of its current cash resources and on this basis the Directors believe that the Group is well placed to manage its business risks successfully.

In arriving at this judgement the Directors took into account a number of key factors affecting future cash flows including recognising the reliance on cash flows from the contract that the Group has with its major customer, which are anticipated to continue in line with the recently agreed purchasing plan. The Directors also noted that the Group has demonstrated its capability in securing contractual arrangements and maintaining customer relationships which increase the probability of improving revenues and that it has recently raised additional funds through the placing of new shares prior to the year end.

In summary, the Group's financial resource reporting is managed in a way that identifies potential risks, is forward looking and provides sufficient time to respond to these risks while maintaining a going concern status. The Group's financial resource management includes regular reporting to the Board. This reporting includes up-to-date cash resource visibility and forward looking projections of the Group's financial position.

The Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Group financial statements.

Basis of consolidation

The Group's annual statements are comprised of the annual financial statements of Plant Impact plc and its subsidiaries as at 31 July each year. Subsidiaries are entities over which the Group has the power to control the financial and operating policies so as to obtain benefits from their activities. The Group generally obtains and exercises control through voting rights.

The financial statements of subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies. Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Acquisitions of subsidiaries are dealt with by the purchase method. The purchase method involves the recognition at fair value of all identifiable assets and liabilities, including contingent liabilities, of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition, the assets and liabilities of the subsidiary are included in the consolidated balance sheet at their fair values, which are also used as the bases for subsequent measurement in accordance with the Group accounting policies. Goodwill is stated after separating out identifiable intangible assets. Goodwill represents the excess of acquisition cost over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary at the date of acquisition.

Revenue recognition

The Group currently sells Crop Nutrient products to national and global distributors. Revenue is recognised to the extent that the Group obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts and VAT.

Revenue from the sale of Crop Nutrient products is recognised when:

- the significant risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch of the goods or on proof of acceptance by the customer;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue recognition is dependent on contractual terms. Revenue is recognised net of any discounts due to customers. Revenue is deferred in respect of any subsequent rebates that are due to customers or third parties in respect of the product being shipped. Where rebates have not crystallised at the balance sheet date, an estimation is made of the likely value of the rebates that will crystallise.

From time to time, the Group receives non-product-related income.

1) Revenues arising from product licence agreements typically have an initial up-front non-refundable payment on execution of the licence. In each instance the revenue will be assessed according to the following criteria, to decide whether the revenue should be recognised in full, or deferred over the length of the agreement (IAS 18.14);
   i) whether the product is usable by the other third party on execution of the contract;
   ii) whether the Group has any continuing managerial involvement in the product to the degree usually associated with ownership or effective control over the licence;
   iii) whether the Group retains any significant risks and rewards of ownership of the licence; and
   iv) whether all of the payment received relates to the granting of the licence or whether the Group has ongoing obligations under the contract or involvement in the product such that all or part of the payment should be deferred over the contract period.

2) Amounts receivable in respect of milestone payments are recognised as revenue in full when the specific conditions stipulated in the licence agreement have been met. Payments linked to "success" such as regulatory filing or approval, and achievement of specified sales volumes, are recognised in full when the relevant event has occurred.

3) Revenue arising from other agreements will be recognised in accordance with IAS 18.14. Usually an agreement will have more than one strand of revenue. In this instance we will evaluate each strand individually. Each element will be assessed as per the requirements of IAS 18.14 and recognised accordingly.

Interest income

Interest income represents bank interest received.

Research and development expenditure

Research expenditure is charged to the income statement in the period in which it is incurred.

Development costs incurred are capitalised when all the following conditions are satisfied:

- completion of the intangible asset is technically feasible so that it will be available for use or sale, considering its commercial and technological feasibility;
- the Group intends to complete the intangible asset and use or sell it;
- the Group has the ability to use or sell the intangible asset;
- the intangible asset will generate probable future economic benefits;
- there are adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the expenditure attributable to the intangible asset during its development can be measured reliably.

Development costs not meeting the above criteria for capitalisation are expensed as incurred.

Notes to the Group Financial Statements continued

2. Significant accounting policies continued

Intangible assets – goodwill

Goodwill, representing the excess of the cost of acquisition over the fair value of the Group's share of the identifiable assets acquired, is capitalised and reviewed annually for impairment as it has an indefinite life. Goodwill is carried at cost less accumulated impairment losses.

Intangible assets – development costs

Capitalised development costs are amortised on a straight-line basis over a period of five to 20 years starting from the point that those products resulting from the development activity commence mainstream sales. Amortisation periods are determined according to the expected useful economic life of the product. Amortisation is charged to administration expenses.

Property, plant and equipment

Property, plant and equipment are stated at cost, net of depreciation and provision for impairment. Depreciation is provided on all property, plant and equipment at rates calculated to write off the cost of each asset, less its estimated residual value, on a straight-line basis over its expected useful life, as follows:

Laboratory and office equipment	10.0% – 33.3% per annum
Motor vehicles	33.3% per annum
Leasehold Improvements	10.0% per annum

The assets' residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

Impairment of assets

The carrying values of assets other than goodwill are tested for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. Goodwill is tested annually.

If any such indication exists, or when annual impairment testing for an asset is required (e.g. cash-generating units that include goodwill), the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value, less costs to sell (separable identifiable cash flows) and its value-in-use. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised in the Group income statement within administrative expenses for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment losses recognised for goodwill are not subsequently reversed.

Other intangible assets are reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount. The impairment review of intangible assets is analysed in note 14.

Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction, or at the hedged rate if the transaction has been hedged with a highly effective hedging instrument. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Non-monetary items that are measured at historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Any exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were initially recorded are recognised in profit or loss in the period in which they arise. Exchange differences on non-monetary items are recognised in the statement of other comprehensive income to the extent that they relate to a gain or loss on that non-monetary item taken to Group other comprehensive income; otherwise such gains and losses are recognised in the Group income statement.

Operating segments

Operating segments have been determined based on the reports regularly reviewed by the Board, which is defined as the Chief Operating Decision Maker, which are used to make strategic and operational decisions.

The Group's main reporting segments are Crop Nutrients and Pest Control. However, management analyses data at a more detailed level using geographies. Whilst this does not represent a segment, the Board have decided to include the geographical information in note 5.

Taxation

The income tax credit represents the sum of the tax currently payable, and the credit in the accounting period for research and development (R&D) enhanced tax credits.

Current tax

The tax currently payable is based on taxable profit for the year in overseas subsidiaries. Taxable profit differs from 'profit before tax' because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

Tax receivable is claimable in relation to qualifying R&D costs incurred in the same accounting period.

Deferred tax

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit or loss. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Their carrying amount is reviewed at each balance sheet date on the same basis. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax is measured on an undiscounted basis, and at the tax rates that are expected to apply in the period in which the asset or liability is settled, provided they are enacted or substantively enacted at the balance sheet date. It is recognised in the income statement or within other comprehensive income except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held to maturity' investments, 'available for sale' financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial asset and is determined at the time of initial recognition. The Group currently has only loans and receivables.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Cash and cash equivalents, trade receivables and other receivables are classified as loans and receivables. Loans and receivables are initially recognised at fair value plus transaction costs and are measured subsequently at amortised cost using the effective interest method, less provision for impairment. Any change in their value through impairment or reversal of impairment is recognised in the income statement.

Provision against trade receivables is made when there is objective evidence that the Group will not be able to collect all amounts due to it in accordance with the original terms of those receivables. The amount of the write-down is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows.

A financial asset is derecognised only where the contractual rights to the cash flows from the asset expire or the financial asset is transferred and that transfer qualifies for derecognition.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and on demand deposits together with other short-term highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Financial liabilities

Financial liabilities are obligations to pay cash or other financial assets and are recognised when the Group becomes a party to the contractual provisions of the instrument. The Group currently has no liabilities categorised as FVTPL. All other financial liabilities (for example, trade payables) are recorded initially at fair value, net of direct issue costs and are recorded at amortised cost using the effective interest method, with interest-related charges recognised as an expense in finance cost in the income statement.

Finance charges, including premiums payable on settlement or redemption and direct issue costs, are charged to the income statement on an accruals basis using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise. A financial liability is derecognised only when the obligation is extinguished, that is, when the obligation is discharged, cancelled or expires.

Notes to the Group Financial Statements continued

2. **Significant accounting policies** continued

Financial instruments

Classification as equity or financial liability

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

A financial liability exists where there is a contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities under potentially unfavourable conditions. In addition, contracts which result in the entity delivering a variable number of its own equity instruments are financial liabilities.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Dividends and distributions relating to equity instruments are debited direct to equity.

Inventories

Inventories are stated at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Costs include all costs incurred in bringing each product to its present location and condition on a first-in, first-out basis.

Share-based payments

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award.

In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the Company (market conditions).

If vesting periods or other non-market vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share options ultimately exercised are different to that estimated on vesting.

If share options lapse having previously vested, the cumulative income statement charge previously recognised is credited to reserves. If share options are forfeited prior to vesting, then the cumulative income statement charge previously recognised is reversed in the period that forfeiture takes place.

For Standard Options issued under the Plant Impact Performance Share Plan, fair value is determined using a Trinomial valuation model.

For Value Creation Plan Options created under the Plant Impact Performance Share Plan, the options are separated into a number of equal tranches which will vest on the latest of the following dates:

- a pre-determined vesting date ("Earliest Vesting Date");
- the date on which the average share price over 20 consecutive dealing days achieves a certain threshold ("Share Price Hurdle"); and
- the date on which the Group's gross profit exceeds a certain threshold ("Gross Profit Threshold").

In addition to the above criterion, the options are also subject to the following condition:

- if the share price has declined more than 30% below the Share Price Hurdle which triggered the vesting of the option, the vesting of the option should be delayed until the share price achieves that Share Price Hurdle for at least 20 consecutive dealing days.

These options are valued using a variation of the Black-Scholes binomial model.

If awards lapse due to:

- an employee leaving the Group before the end of the expected term for that tranche, then all charges taken to the income statement relating to that award are added back;
- a failed market performance condition (i.e. the Share Price Hurdle condition), charges will not be added back to the income statement;
- a failed non-market performance condition (i.e. the Gross Profit Threshold condition), then all charges taken to the income statement for this award are added back;
- either the Group or the employee cancelling the award (with the employee remaining in employment), then all remaining charges for that award are normally immediately accelerated.

All equity-settled share-based payments are ultimately recognised as an expense in the Group income statement with a corresponding credit to "other reserve".

Upon exercise of share options the proceeds received net of attributable transaction costs are credited to share capital and, where appropriate, share premium.

Leased assets

In accordance with IAS 17, the economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards related to the ownership of the leased asset. The related asset is recognised at the time of inception of the lease at the fair value of the leased asset or, if lower, the present value of the minimum lease payments plus incidental payments, if any, to be borne by the lessee. A corresponding amount is recognised as a finance leasing liability.

The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the income statement over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the income statement on a straight-line basis over the lease term. Lease incentives are spread over the term of the lease.

Equity

Equity comprises the following:

- "Share capital" represents the nominal value of equity shares;
- "Share premium" represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of share issues;
- "Other reserve" comprises the fair value of share-based payments granted in accordance with IFRS 2 and recognised to date;
- "Merger reserve" arose on the acquisition of PI Bioscience Limited under previous GAAP. This business combination took place prior to 1 April 2006, the Group's date of transition to IFRS, and as such the Group has elected not to apply IFRS 3 Business Combinations; and
- "Retained losses" represent cumulative retained profits/(losses).

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 2, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical accounting judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations, that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Research and development activities

Management has reviewed the Group's R&D activities and has made judgements on the amount of development expenditure it is appropriate to capitalise. There are three phases to R&D activities within Plant Impact:

1) Research
2) Early stage development
3) Late stage development

Research

The Group has created, and continues to create, novel technologies which mobilise nutrients around a plant efficiently. These technologies, currently CaT™, PiNT™ and Alethea™, form the basis of the products currently sold. Alongside the existing technologies, Plant Impact continues research into novel compounds, bio-stimulants and active ingredients which will, in the future, be incorporated into new Plant Impact products. Costs incurred in the Research phase are expensed directly to the income statement as incurred.

Notes to the Group Financial Statements continued

3. Critical accounting judgements and key sources of estimation uncertainty continued

Early stage development
Once a formulation has been proposed, unless there is confidence that the technical feasibility has already been proven, the team will usually execute in-field trials to see if the formulation works the same way in the field as was observed in the laboratory. This phase is usually brief and costs incurred during it are expensed to the income statement. Positive results will lead to progression to the Late stage development phase in order to see the results replicated and refine the final product. Negative results will lead the project back into the Research phase of finding other novel technologies and inputs which are compatible with the Group's aims. In cases where the technical feasibility is felt to have been proven already in the Research phase then the Early stage development phase will be skipped and the project will migrate straight to the Late stage development phase.

Late stage development
The Group conducts targeted market research so that the target customer or agronomic need is usually identified in advance of the initial research taking place. Late stage development occurs once a basic formulation has been proven to work in-field as expected. The aim of the further development is to test out prototypes with various concentrations and timings of application to conclude on the most efficient combination and to provide the body of evidence to enable a commercially viable claim to be made. This work is usually capitalised as by this stage the project would be expected to meet the six criteria specified in the research and development accounting policy in note 2, in particular that the product is technically and commercially feasible. If any of the criteria are not met, the expenditure at this stage is expensed as incurred.

Revenue recognition on initial fee income
In the financial year ended 31 July 2015, Plant Impact received an initial fee of $3m which is being recognised over a five-year period, being the term of the Product Development and Commercialisation Agreement signed with Bayer CropScience AG. Over the term of the agreement Bayer CropScience will make additional payments of $1.5m upon the first commercial sale of a new product as defined within the agreement. Upon receipt of two additional payments, the term of the agreement will extend to ten years.

The initial fee income is currently being recognised over a five-year period, but is reviewed annually to assess whether the development programmes are sufficiently progressed to trigger two additional payments required for a term extension, at which time the remaining initial fee income will be recognised over the remaining portion of the ten-year period. Management judges that the development programmes are not sufficiently progressed to trigger the term extension, and therefore the income continues to be recognised over a five-year period.

Key sources of estimation uncertainty

Useful economic life of development costs
Development costs are amortised over periods between five and 20 years. The applied life is an estimate based on historical evidence relating to the life cycle of agricultural inputs and expected longevity of current Plant Impact products in particular markets.

Impairment of goodwill and development costs
Determining whether goodwill and development costs are impaired requires an estimation of the recoverable value, as the impairment will be determined as the higher of fair value less costs to sell and recoverable value. The recoverable value calculation requires the Directors to estimate the future cash flows expected to arise and a suitable discount rate in order to calculate present value.

Details of the impairment estimation are provided in note 14.

Share-based payments
In determining the fair value of the share-based payments under IFRS 2 two estimates are used. Firstly, the expected volatility of the share price and secondly the achievement of the performance conditions for the Value Creation Plan options.

The volatility rate of 30% was used as an approximate volatility of the Company's share price over recent periods. Over longer periods of time the volatility was higher, however as the Company matures the share price is less volatile, and the Company is expected to perform more in line with other main market and AIM listed companies. The comparable volatility of these sectors is 30%.

The achievement of the performance conditions has been modelled and an estimated life of the options has been calculated.

Details of share-based payments estimation are provided in note 23.

4. Standards and interpretations in issue not yet adopted

At the date of authorisation of these consolidated financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the Group.

The Directors anticipate that all of the relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Group's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to be relevant to the Group's financial statements.

New standards and interpretations currently in issue but not effective are:

- IFRS 15 Revenue from Contracts with Customers (effective January 2018)
- IFRS 9 Financial Instruments (effective January 2018)
- IFRS 16 Leases (effective January 2019)

There is not expected to be any material impact to the Group's financial statements upon adoption of IFRS 15 or IFRS 9. Adoption of IFRS 16 is expected to result in some grossing up of assets and liabilities on the Group's balance sheet. A detailed analysis of the effect of the implementation of these new standards will be completed in due course.

5. Segment information

The Group's operating segments have been identified based on internal management reporting information that is regularly reviewed by the Chief Operating Decision Maker as set out in note 2.

All of the results for the year ended 31 July 2017 related to Crop Nutrients, other than £54k (2016: £21k) of costs relating to Pest Control. All assets relate to Crop Nutrients other than net book value of £943k (2016: £943k – restated following a review of the allocation of capitalised costs by product) of intangible assets which relate to Pest Control.

The Group further monitors elements of its business based on geography. These segments are monitored and strategic decisions are made on the basis of the segment results for the year ended 31 July 2017, which are as follows:

	Americas £'000	**Europe £'000**	**Rest of World £'000**	**Total £'000**
Segment revenue from external customers	**7,209**	**453**	**788**	**8,450**
Segment operating profit	**1,186**	**155**	**113**	**1,454**
Other costs not allocated				**(4,174)**
Depreciation and amortisation				**(270)**
Share-based payments				**(893)**
Restructuring costs (relating to Europe)				**(177)**
Total operating loss				**(4,060)**

The segment results for the year ended 31 July 2016 were as follows:

	Americas £'000	Europe £'000	Rest of World £'000	Total £'000
Segment revenue from external customers	6,494	286	431	7,211
Segment operating profit/(loss)	3,489	(362)	106	3,233
Other costs not allocated				(3,299)
Depreciation and amortisation				(146)
Share-based payments				(1,009)
Total operating loss				(1,221)

Only one customer constituted more than 10% of the Group's sales, with revenue of £6,826k (2016: £6,456k).

Notes to the Group Financial Statements continued

6. Operating loss

The operating loss for the year is stated after charging/(crediting):

	Year ended 31 July 2017 £'000	Year ended 31 July 2016 £'000
Cost of inventories recognised as an expense	**1,496**	1,251
Auditor's remuneration (note 10)	**74**	52
Depreciation and amortisation (notes 14 and 15)	**270**	146
Operating lease rentals:		
– Land and buildings	**128**	118
Foreign exchange loss/(gain)	**116**	(175)
Share-based payments (note 23)	**893**	1,009
Employment cost (note 7)	**4,894**	2,700
Consultants, temporary staff and recruitment	**1,055**	1,610
Marketing and business development	**1,239**	398
Communications	**50**	45
Commercial trials	**422**	340
Professional and PLC fees	**499**	336
Direct research and development	**1,187**	841
Capitalised R&D	**(1,552)**	(1,169)
General office costs	**533**	209
Travel and expenses	**777**	721
Restructuring costs	**177**	–
Irrecoverable sales tax	**252**	–
Total expenses	**12,510**	8,432

Restructuring costs in the year ended 31 July 2017 represent redundancy costs incurred at the start of the year in a one-off exercise reducing the size of the European business to reflect anticipated growth.

Irrecoverable sales tax has arisen in the year ended 31 July 2017 primarily associated with the recharging of costs from the Group's subsidiary in Argentina.

7. Staff costs

The total amounts for Directors' remuneration and other benefits are as follows:

	Year ended 31 July 2017 £'000	Year ended 31 July 2016 £'000
Directors' remuneration		
Aggregate emoluments	**668**	473
Pension	**14**	8
	682	481

Individual Director remuneration details, including that of the highest paid Director are contained in the Directors' Remuneration Report on page 42 to 43.

The four Directors whose costs are shown above are the only employees of the parent company.

The total employment cost during the period was as follows:

	Year ended 31 July 2017 £'000	Year ended 31 July 2016 £'000
Wages and salaries	**4,181**	2,332
Pension	**149**	111
Social security costs	**564**	257
	4,894	2,700

Included in the above employment cost is £1,303k (2016: £659k) relating to R&D costs, of which £732k (2016: £410k) was capitalised as additions to intangible assets.

The average number of employees during the period was:

	Year ended 31 July 2017 No.	Year ended 31 July 2016 No.
Administration	**7**	4
Management	**2**	1
Research and development	**17**	13
Production	**2**	2
Sales and technical	**28**	17
	56	37

As at 31 July 2017, the Group employed 61 staff (2016: 51 employees). From time to time, the Group supplements key roles and organisational functions with third parties, contractors and outsourced service providers. The Group's full-time-equivalent workforce at 31 July 2017 was 66 (2016: 60).

8. Finance income

	Year ended 31 July 2017 £'000	Year ended 31 July 2016 £'000
Bank interest receivable	**3**	13

9. Finance cost

	Year ended 31 July 2017 £'000	Year ended 31 July 2016 £'000
Interest payable	**1**	11

10. Auditor's remuneration

	Year ended 31 July 2017 £'000	Year ended 31 July 2016 £'000
Fees payable to RSM UK Audit LLP for:		
- the audit of parent company and Group financial statements	**30**	35
- the audit of the Group's subsidiaries pursuant to legislation	**10**	10
- prior-year costs	**11**	-
- other services	**5**	-
Other fees to affiliates of RSM UK Audit LLP:		
- UK tax compliance	**8**	7
- overseas tax compliance	**10**	-
Auditor's remuneration charged to income statement	**74**	52
Other fees to affiliates of RSM UK Audit LLP:		
- other services	**14**	-
Auditor's remuneration charged to share premium	**14**	-

Fees were charged to the share premium account in the year ended 31 July 2017 as costs associated with the placing on 28 July 2017 (see note 22).

Notes to the Group Financial Statements continued

11. Income tax credit

Recognised in the Group income statement

	Year ended 31 July 2017 £'000	Year ended 31 July 2016 £'000
Current UK tax	**(850)**	(562)
Overseas tax	**54**	86
Adjustments for prior years	**(132)**	(38)
Total tax credit in Group income statement	**(928)**	(514)

The UK tax credit of £850k (2016: £562k) relates to development expenditure and furthermore a repayable tax credit receivable from the UK government.

Reconciliation of effective tax rate

	Year ended 31 July 2017 £'000	Year ended 31 July 2016 £'000
Loss before tax	**(4,058)**	(1,219)
Loss before tax multiplied by rate of corporation tax in the UK of 19.67% (2016: 20%)	**(798)**	(244)
Non-deductible expenses	**208**	13
Fixed asset differences	**1**	(21)
Enhanced R&D tax relief	**(388)**	(630)
Losses not recognised for tax purposes	**(4)**	100
Other temporary differences	**95**	220
UK corporation tax re earlier years	**(132)**	(38)
Change in tax rates	**70**	-
Effect of overseas tax rates	**20**	86
Total tax credit in Group income statement	**(928)**	(514)

Unrelieved tax losses of £10.1m (2016: £8.7m) remain available to offset against future taxable trading profits.

There have been changes to the UK corporation tax rates that were substantively enacted as part of the Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 7 September 2016). These include reductions to the main rate to reduce the rate from 20% to 19% from 1 April 2017 and to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

12. Deferred income tax

No provision has been made for deferred income tax on losses carried forward as they will only be available for offset when the Group makes sufficient taxable profits arising from the same trade. As the availability of future profits is uncertain, it has been assumed that the losses will not be recoverable in the foreseeable future. The net unrecognised deferred tax asset has been made up of the following elements:

	Year ended 31 July 2017 £'000	Year ended 31 July 2016 £'000
Deferred tax liability on fixed assets	**(14)**	-
Deferred tax asset on short-term differences	**1**	-
Deferred tax liability on development costs	**(663)**	(430)
Deferred tax asset on share-based payments	**252**	322
Deferred tax asset on losses	**1,717**	1,566
Total unrecognised deferred tax asset	**1,293**	1,458

13. Loss per ordinary share

The loss per ordinary share is based on the loss after taxation of £3,130k (2016: £705k) and 81,774,331 (2016: 81,432,824) ordinary shares of 1 pence each, being the weighted average number of shares in issue during the period.

	Year ended 31 July 2017	Year ended 31 July 2016
Loss for the period attributable to equity shareholders	**(£3,130,000)**	(£705,000)
Weighted average number of ordinary shares in issue	**81,774,331**	81,432,824
Basic and diluted loss per share	**(3.8p)**	(0.9p)

Share options could dilute earnings per share in the future but these have not been included in the above calculations as they are anti-dilutive this year and last year.

14. Intangible assets

	Goodwill £'000	Development costs £'000	Total £'000
Cost at 1 August 2015	585	1,520	2,105
Expenditure in the year	–	1,169	1,169
Cost at 31 July 2016	585	2,689	3,274
Expenditure in the year	–	1,552	1,552
Cost at 31 July 2017	**585**	**4,241**	**4,826**
Accumulated amortisation at 1 August 2015	–	240	240
Charge in the year	–	58	58
Accumulated amortisation at 31 July 2016	–	298	298
Charge in the year	–	147	147
Accumulated amortisation at 31 July 2017	**–**	**445**	**445**
Net book value at 31 July 2017	**585**	**3,796**	**4,381**
Net book value at 31 July 2016	585	2,391	2,976
Net book value at 31 July 2015	585	1,280	1,865

Goodwill

Goodwill is allocated to the Pest Control cash-generating unit and is not amortised but tested annually for impairment. To the extent that the carrying value exceeds the higher of fair value less costs to sell and value in use, determined from estimated discounted future cash flows, goodwill is written down to the recoverable value and an impairment charge is recognised.

Capitalised development costs

The Group currently has internally generated intangible assets from the development of its Crop Nutrient and Pest Control products. All research and other development work has been written off as incurred where the criteria for recognition as an asset were not met.

Capitalised development costs are being amortised from first commercial sale over periods of from five to 20 years depending on the expected longevity of the related technology or product. The amortisation is included in administrative expenses.

Notes to the Group Financial Statements continued

14. Intangible assets continued

Impairment review

The Group has a number of commercially available Crop Nutrient products and continues to generate new products and new product use from its current technologies. These products are currently generating commercial revenues in Europe, the Americas, Middle East and Africa and as such there is no indication of impairment of the carrying value of related development costs.

During the year, goodwill and development costs relating to the Pest Control segment were tested for impairment in accordance with IAS 36 Impairment of Assets. The recoverable amount, calculated based on fair value less costs to sell, exceeded the carrying amount of goodwill and development costs recorded.

Key assumptions

The Group has invested considerable historical development expense and maintains intellectual property rights over a number of patents for TGT-101 (formerly referred to as "BugOil"), an effective, low-residue insecticide used for the treatment of mites, whitefly and aphids on commercially important crops such as vegetables, almonds and apples.

Arysta LifeScience has licensed TGT-101 in the European Union and selected Eastern European countries, in Africa and several countries of the Middle East as well as in Mexico, Japan and South Korea. Plant Impact maintains all other global commercial rights to the product and commercial freedom to operate in other markets such as the United States, South America, Asia (including China, India and Southeast Asia) and Australasia.

The Group received its first global registration for the product in the United States in April 2012. Since then, the Group has conducted some additional field studies to confirm the product's technical efficacy and develop data to be used for marketing purposes and for securing a registration in California. The Group filed the registration in California on 28 May 2015. The application was granted on 10 October 2016.

During the prior year the Group commissioned an external valuation, assessing the value of the product under two bases:

1) Continued development of the product for commercialisation.
2) Continued development of the product for sale.

The valuation focused on:

- The variety of crops the product would be used on.
- The sales growth year on year per crop type.
- The potential market size per crop type.
- The competitive environment.

The forecast was made on the basis that the product was still to be granted the registration in California, and would continue to be registered in other US states. It also took into account that there were no current sales of TGT-101 by Plant Impact, and expected sales were therefore based on available market share information.

The pre-tax discount rate used for the recoverable value calculation was 15%. The valuations were based on projections of nine years' sales. The compound annual growth rates of sales for the two bases were 11.3% and 18.3% respectively with margins remaining constant across the period.

The Directors have reconsidered the forecasts that were conducted at that time and have concluded that they remain valid. Both valuations supported the current carrying value of the asset, and therefore as the Directors believe that there have been no significant changes to the situation involving TGT-101, there is no basis for impairment.

During the year the Directors have appointed advisers to run a process to offer the assets of TGT-101 for sale. That process is ongoing, is at a relatively early stage and there is no certainty of success. Accordingly, the Directors have concluded that the IFRS 5 tests of whether the assets are held for sale have not been met and have not reclassified the assets accordingly.

15. Property, plant and equipment

	Motor vehicles £'000	Laboratory & office equipment £'000	Leasehold improvements £'000	Total £'000
Cost at 1 August 2015	4	230	239	473
Additions	–	136	60	196
Disposals	–	(5)	–	(5)
Foreign exchange on subsidiary	–	2	–	2
Cost at 31 July 2016	4	363	299	666
Additions	–	96	40	136
Foreign exchange on subsidiary	–	2	3	5
Cost at 31 July 2017	**4**	**461**	**342**	**807**
Accumulated depreciation at 1 August 2015	1	83	48	132
Charge in the year	1	57	30	88
Disposals	–	(1)	–	(1)
Foreign exchange on subsidiary	–	–	(1)	(1)
Accumulated depreciation at 31 July 2016	2	139	77	218
Charge in the year	2	84	37	123
Accumulated depreciation at 31 July 2017	**4**	**223**	**114**	**341**
Net book value at 31 July 2017	**–**	**238**	**228**	**466**
Net book value at 31 July 2016	2	224	222	448
Net book value at 31 July 2015	3	147	191	341

Depreciation is included in administrative expenses.

16. Inventories

	31 July 2017 £'000	31 July 2016 £'000
Raw materials	**21**	14
Finished goods	**53**	25
	74	39

All inventories held at the year-end are expected to be realised within one year.

17. Trade and other receivables

	31 July 2017 £'000	31 July 2016 £'000
Trade receivables	**700**	2,062
Other receivables	**44**	181
Prepayments and accrued income	**85**	70
	829	2,313

The average credit period on the sale of goods is 53 days (2016: 29 days). No interest is charged on trade receivables.

All trade and other receivables fall due within one year.

Before accepting a new customer, the Group uses an external credit agency to assess the potential customer's credit quality and seek trade references. Once accepted as an approved customer any outstanding debt is reviewed before approval of new sales orders.

Notes to the Group Financial Statements continued

17. Trade and other receivables continued

The ageing of trade receivables was as follows:

	31 July 2017 £'000	31 July 2016 £'000
Neither past due nor impaired	**309**	2,062
Past due but not impaired:		
0-30 days past due	**391**	-
31–120 days past due	-	-
>120 days past due	-	-
	700	2,062

Of the trade receivables 44% (2016: 100%) are neither past due nor impaired. No trade receivables are over 30 days past due. No provision for doubtful debts has been made (2016: £nil).

An analysis of trade and other receivables by currency is as follows:

	31 July 2017 £'000	31 July 2016 £'000
US Dollar	**623**	2,047
Sterling	**161**	239
Euro	**35**	4
Brazilian Real	**5**	23
Argentinian Peso	**5**	-
	829	2,313

In determining the recoverability of trade receivables, the Group considers any change in the credit quality of the trade receivables from the date credit was approved to the reporting date. The Group has concentration of credit risk, which is mitigated by the credit insurance provided by HSBC Invoice Financing. Accordingly, the Directors believe that there is no further credit provision required for doubtful debts.

18. Corporation tax receivable

Corporation tax receivable of £833k (2016: £888k) relates to UK R&D tax credits and overseas tax for the financial year ended 31 July 2017.

19. Cash and cash equivalents

	31 July 2017 £'000	31 July 2016 £'000
Cash at bank and in hand	**7,204**	5,564

Cash at bank earns interest at floating rates on daily bank deposits.

20. Borrowings

The Group has an invoice financing facility provided by HSBC. At 31 July 2017 there was £nil of cash drawn down with recourse (2016: £50k).

There is a fixed and floating charge over the assets of the Group in relation to the invoice financing facility.

21. Trade and other payables

	31 July 2017 £'000	31 July 2016 £'000
Current		
Trade payables	**735**	698
Other taxation and social security	**240**	302
Accruals and other payables	**1,276**	1,175
Deferred income	**710**	390
	2,961	2,565

	31 July 2017 £'000	31 July 2016 £'000
Falling due after more than one year		
Deferred income	**583**	970
	583	970

In the year ended 31 July 2017 £389k (2016: £390k) of the current portion of deferred income and all of the £583k (2016: £970k) due after more than one year is in respect of the initial fee received from Bayer CropScience in February 2015. This is being recognised over a five-year period.

22. Share capital

Issued share capital – ordinary shares of 1 pence each

	Number	Nominal Value £
As at 1 August 2015	81,395,400	813,954
Shares issued in the year	200,000	2,000
As at 31 July 2016	81,595,400	815,954
Shares issued in the year	13,003,225	130,032
As at 31 July 2017	**94,598,625**	**945,986**

On 7 November 2016 the Group issued 100,000 shares at 12.7 pence per share for the exercise of employee share options.

On 28 July 2017 the Group issued 12,903,225 new ordinary shares at a price of 31 pence per share by way of a placing.

23. Share-based payments

The Company's option scheme, the Plant Impact Performance Share Plan, grants two types of options, Standard Options and Value Creation Plan Options (VCP Options).

Standard Options are available for all employees of the Group. These options are exercisable at a price equal to the average quoted market price of the Company's shares on the date of grant. The vesting period is between one and three years. Options granted after 21 November 2014 have an additional holding requirement that vested options cannot be exercised until five years after the date of grant. If the options remain unexercised after a period of ten years from the date of grant the options expire. Options are forfeited if the employee leaves the Group before the options vest.

VCP Options are intended to incentivise key senior managers and Executive Directors without a heavy cash investment by the Group. Options issued under this scheme only vest under exceptionally positive circumstances. VCP Options are exercisable at 1 pence. These options are subject to holding conditions and vest on performance conditions as set out in the Directors' Remuneration Report on page 42.

Notes to the Group Financial Statements continued

23. Share-based payments continued

Details of the share options outstanding during the period are as follows:

	2017		2016	
	Number of share options	**Weighted average exercise price £**	Number of share options	Weighted average exercise price £
Outstanding at 1 August	**16,439,600**	**0.16**	9,663,040	0.16
Granted during the period	**210,000**	**0.48**	7,230,000	0.19
Exercised during the period	**(100,000)**	**0.13**	(200,000)	0.17
Forfeited during the period	**(510,000)**	**0.53**	(253,440)	0.29
Outstanding at 31 July	**16,039,600**	**0.16**	16,439,600	0.17

The weighted average remaining contractual life for the share options outstanding as at 31 July 2017 is eight years (2016: nine years).

As at 31 July 2017, 4,022,100 share options were capable of being exercised (2016: 2,922,100) with a weighted average exercise price of 21 pence (2016: 24 pence).

The fair value of Standard Options is calculated at the time of grant using a Trinomial model. Amortisation of the fair values resulted in a charge to the income statement in the year ended 31 July 2017 of £205k (2016: £172k) and a corresponding credit to other reserves.

The fair value of VCP Options are valued at the time of grant using multiple variations of the Black-Scholes model. Amortisation of the fair value resulted in a charge for the year of £753k (2016: £624k).

National Insurance, where applicable, is payable by employees on gains made by them on exercise of share options granted to them. Following the reduction in the share price over the year there was a credit to the income statement of £65k (2016: charge of £213k) for accrued National Insurance liabilities in relation to the expected gain on options. This has been calculated using the market price at the year end, compared to the exercise price of the option and spread over the vesting period.

During the year ended 31 July 2017, 100,000 share options were exercised; as a result there has been a reserves transfer of £6k (2016: £24k). The weighted average share price on exercise was 50 pence.

Assumptions

The following assumptions are used to determine the fair value of share options at the respective date of grant:

Date of grant	Exercise price (pence)	Ordinary shares under option	Share price at date of grant (pence)	Expected volatility	Interest rate	Life of option (years)	Expected dividend
23 Nov 2016	47.5	190,000	45.9	30%	2.84%	10	Nil
10 Mar 2017	52.5	10,000	53.5	30%	2.84%	10	Nil
13 Apr 2017	46.6	10,000	47.5	30%	2.84%	10	Nil

The expected volatility used is 30%, which represents the approximate volatility of the Company's share price over recent periods. The rate has also been compared to main market and AIM listed sectors to ensure it is reasonable.

The expected life used in the valuation models has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

24. Financial risk management objectives and policies

The Group's principal financial instruments comprise cash and cash equivalents, receivables and payables arising in the normal course of business. These are used to finance the Group's operations and hence safeguarding them is regarded as a top priority. The Group's objective in using financial instruments is to maximise the returns on funds held consistent with this priority.

It is, and has been throughout the period, the Group's policy that no speculative trading in financial instruments or derivatives is undertaken.

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk, foreign currency exchange risk, credit risk and capital risk. The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below:

Interest rate risk

The Group is principally funded with equity. The Group invests in short-term bank treasury deposits. Therefore exposure to interest rate movements is minimal although movements in interest rates over time will affect the Group's interest income.

No interest rate hedging agreement is currently in place because given the level of borrowings and the current interest rate environment the Board does not consider fluctuations in interest rates to pose a significant risk to the Group.

Liquidity risk

The Group has managed its cash in a manner designed to ensure maximum benefit is gained, while ensuring security of investment sources. The Group's policy on investment of surplus funds limits the placing of deposits to institutions with strong credit ratings.

The Group manages liquidity risk by continually monitoring forecast and actual cash flows. In addition, the Group has entered into an invoice financing facility with HSBC and can draw down up to 80% of each invoice (64% is subject to a concentration limit) in shipment.

Management monitors forecasts of the Group's liquidity on a monthly basis and has access to funds at short notice so that it is always able to meet financial liabilities as and when they fall due.

All financial liabilities are due within six months. Deferred revenue relates to amounts already received for revenue not yet recognised in the income statement.

The Group has no derivative financial liabilities.

Foreign currency exchange risk

The Group undertakes certain transactions denominated in foreign currencies. Hence, exchange rate fluctuations arise. The Group's foreign currency exchange exposure is mainly with regards to trade receivables. The carrying amounts of the Group's foreign currency denominated trade receivables are detailed in note 17. During the year exchange rate movements gave rise to foreign exchange losses of £132K on trade receivables (2016: gain of £77k).

The exposure of trade receivables to foreign exchange fluctuations is reduced, as all relevant invoices are factored. Up to 80% of the value of the invoice can be drawn down during the week that the invoice was raised. If exchange rates are volatile, the Group has the option of converting all receipts to Sterling at the earliest opportunity.

Where in the view of the Directors there is sufficient certainty on the timing of future orders, the Group will purchase forward exchange contracts to lock in the exchange rate at which the trade receivable will be realised. There were no forward exchange contracts in place at 31 July 2017.

Credit risk

The Group's financial assets are cash and cash equivalents, trade and other receivables. The credit risk on cash and cash equivalents is limited because the counterparties are banks with high credit ratings.

The Group's credit risk is primarily attributable to its trade receivables.

Note 17 sets out the ageing analysis of overdue trade receivables. There are no impairment losses recognised on other financial assets.

Notes to the Group Financial Statements continued

25. Financial instruments

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders. The Group's overall strategy remains unchanged from the prior year to minimise costs and liquidity risk.

The capital structure of the Group consists of equity attributable to equity holders of the parent (Group statement of changes in equity), comprising issued capital and reserves.

There are no externally imposed capital requirements.

The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. As evidenced by this year's placing of new shares, in order to maintain or adjust the capital structure the Group may in future adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets and reduce debt.

Categories of financial instruments

	2017 £'000	2016 £'000
Financial assets		
Loans and receivables (including cash and cash equivalents) at amortised cost	**7,948**	7,807
Financial liabilities		
Amortised cost	**2,011**	1,921

The carrying amount reflected above represents the Group's maximum exposure to credit risk and is equal to fair value.

Commitments and contingencies

The Group has entered into commercial leases on its premises. The future aggregate minimum lease payments are:

	2017 £'000	2016 £'000
Within one year	**102**	89
Between two to five years	**252**	281
In more than five years	**-**	7
	354	377

Operating lease expenditure is charged to the Group income statement.

26. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

The Directors are considered to be the key management of the Group. Emoluments of the Directors, including employers' National Insurance of £66k (2016: £47k) were £748k (2016: £528k).

In January 2017 the Group registered a new subsidiary in Argentina. To facilitate the registration process, John Brubaker and Richard Amos were registered as the first shareholders of the new subsidiary. On 26 January 2017, before the subscription of the initial share capital had taken place and before the subsidiary started trading, they transferred ownership of the subsidiary for nil consideration to Plant Impact plc and Bio Futures PI Limited. All costs of setting up the subsidiary including those related to the transfer of ownership were paid for by Plant Impact plc.

Parent Company Balance Sheet

AS AT 31 JULY 2017

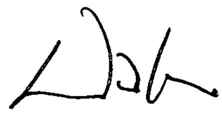
	Note	31 July 2017 £'000	31 July 2016 £'000
Fixed assets			
Investments	5	**2,179**	1,971
Current assets			
Debtors due within one year	6	**4,261**	2,385
Cash at bank and in hand		**5,740**	4,433
		10,001	6,818
Creditors: amounts falling due within one year	7	**(324)**	(353)
Net current assets		**9,677**	6,465
Total assets less current liabilities		**11,856**	8,436
Net assets		**11,856**	8,436
Capital and reserves			
Called up share capital	8	**946**	816
Share premium account	9	**24,115**	20,472
Other reserve	10	**1,932**	980
Merger relief reserve	11	**287**	287
Profit and loss account	12	**(15,424)**	(14,119)
Shareholders' funds		**11,856**	8,436

The notes on pages 73 to 78 form part of these financial statements.

The parent company's loss for the year ended 31 July 2017 was £1,311k (2016: £280k).

The financial statements were approved and authorised for issue by the Board of Directors on 6 October 2017 and were signed on its behalf by:

DR DAVID JONES
CHAIRMAN
Plant Impact plc
Company number: 5442961



Parent Company Statement of Changes in Equity

FOR THE YEAR ENDED 31 JULY 2017

	Share capital £'000	Share premium account £'000	Other reserve £'000	Merger relief reserve £'000	Retained earnings £'000	Total Equity £'000
At 1 August 2015	814	20,439	208	287	(13,863)	7,885
Loss and total comprehensive income for the year	–	–	–	–	(280)	(280)
	814	20,439	208	287	(14,143)	7,605
Shares issued during the year	2	33	–	–	–	35
Share-based payment	–	–	796	–	–	796
Transfer of exercised options	–	–	(10)	–	10	–
Forfeited shares	–	–	(14)	–	14	–
At 31 July 2016	816	20,472	980	287	(14,119)	8,436
Loss and total comprehensive income for the year	–	–	–	–	(1,311)	(1,311)
	816	20,472	980	287	(15,430)	7,125
Shares issued during the year	130	3,883	–	–	–	4,013
Costs of share issue	–	(240)	–	–	–	(240)
Share-based payment	–	–	958	–	–	958
Transfer of exercised options	–	–	(6)	–	6	–
At 31 July 2017	**946**	**24,115**	**1,932**	**287**	**(15,424)**	**11,856**

The notes on pages 73 to 78 form part of these financial statements.

Notes to the Parent Company Financial Statements

1. General information

Plant Impact plc (the Company) is a public limited company incorporated and domiciled in England and Wales. Further information can be found in note 1 to the Group consolidated financial statements on page 52.

2. Significant accounting policies

Basis of accounting

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions have been taken.

The Company converted to FRS 101 last year. In the transition to FRS 101, the Company applied IFRS 1 whilst ensuring that its assets and liabilities were measured in compliance with FRS 101. There were no adjustments to the numbers reported upon the introduction of FRS 101.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a cash flow statement and related notes;
- comparative period reconciliations for share capital;
- disclosures in respect of transactions with wholly-owned subsidiaries;
- the effects of new but not yet effective IFRSs;
- disclosures in respect of the compensation of key management personnel;
- IFRS 7 disclosures; and
- capital management disclosures in IAS 1.

As the consolidated financial statements include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of IFRS 2 in respect of Group settled share-based payments.

As the Company is included in the consolidated financial statements, made up to 31 July each year, it is not required to present a separate profit and loss account as provided by Section 408 of the Companies Act 2006. Information on fees for non-audit services in respect of the parent company accounts have not been prepared as the Company prepares Group accounts which disclose information on fees for non-audit services on a consolidated basis.

Accounting convention

The financial statements are prepared on a historic cost basis.

Going concern basis of accounting

The Directors have reviewed the detailed financial projections for a period to 31 January 2019. They have also considered the principal risks and uncertainties that the Company faces and its current financial position, and are satisfied that the Company has adequate financial resources to continue in operational existence for the foreseeable future, a period of not less than 12 months from the date of this report. Accordingly, the going concern basis of accounting continues to be used in the preparation of the financial statements. Further details can be found in note 2 to the Group consolidated financial statements on page 52.

Investments

Investments in subsidiaries are stated at cost plus capitalised share-based payment charges, and are reviewed for impairment if there are any indications that the carrying amount may not be recoverable.

Foreign currencies

Transactions in foreign currencies are initially recorded at rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rates ruling at the balance sheet date. All exchange gains and losses are taken to the profit and loss account.

Financial instruments

Financial assets and liabilities are recognised on the Company's balance sheet when it becomes party to the contractual provisions of the instrument.

Notes to the Parent Company Financial Statements continued

2. **Significant accounting policies** continued

Cash and cash equivalents
Cash and cash equivalents in the balance sheet comprise cash at bank and in hand. There are no bank overdrafts.

Trade creditors
Trade creditors are non-interest bearing and are stated at the original invoiced amount.

Share-based payment
Where the Company has granted rights over its equity instruments to employees of PI Bioscience Limited, its 100% subsidiary, there is a corresponding increase recognised in the investment in subsidiary undertaking in the year.

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award.

In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the Company (market conditions).

If vesting periods or other non-market vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share options ultimately exercised are different to that estimated on vesting.

If share options lapse having previously vested, the cumulative income statement charge previously recognised is credited to reserves. If share options are forfeited prior to vesting then the cumulative income statement charge previously recognised is reversed in the period that forfeiture takes place.

For Standard Options issued under the Plant Impact Performance Share Plan fair value is determined using a Trinomial valuation model.

For the Value Creation Plan Options created under the Plant Impact Performance Share Plan, the options are separated into six equal tranches which will vest on the latest of the following dates:

- a pre-determined vesting date ("Earliest Vesting Date");
- the date on which the average share price over 20 consecutive dealing days achieves a certain threshold ("Share Price Hurdle"); and
- the date on which the Group's gross profit exceeds a certain threshold ("Gross Profit Threshold").

In addition to the above criterion, the options are also subject to the following condition:

- if the share price has declined more than 30% below the Share Price Hurdle which triggered the vesting of the option, the vesting of the option should be delayed until the share price achieves that Share Price Hurdle for at least 20 consecutive dealing days.

These options are valued using a variation of the Black-Scholes binomial model.

If awards lapse due to:

- an employee leaving the Group before the end of the expected term for that tranche, then all charges taken to the income statement relating to that award are added back;
- a failed market performance condition (i.e. the Share Price Hurdle condition), charges may not be added back to the income statement;
- a failed non-market performance condition (i.e. the Gross Profit Threshold condition), then all charges taken to the income statement for this award are added back;
- either the Group or the employee cancelling the award (with the employee remaining in employment), then all remaining charges for that award are normally immediately accelerated.

All equity-settled share-based payments are ultimately recognised as an expense in the Group income statement with a corresponding credit to "other reserve".

Upon exercise of share options the proceeds received net of attributable transaction costs are credited to share capital and, where appropriate, share premium.

Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the income statement because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary timing differences between the carrying amount of assets and liabilities in the balance sheet and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all temporary timing differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of any deferred tax asset is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflect the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year

Current and deferred tax are recognised in profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Critical accounting assumptions and estimates

The preparation of financial statements requires the Company to make estimates and assumptions that affect the items reported. Such estimates and assumptions are based on the management's best knowledge of current facts, circumstances and future events, actual results may differ, possibly significantly, from those estimates. The areas requiring a high degree of judgement or where assumptions and estimates are significant to the parent company financial statements are recognition of deferred tax assets (Group financial statements note 12) and the carrying value of investments held on the parent company's balance sheet.

Notes to the Parent Company Financial Statements continued

3. Directors' remuneration
The total amounts for Directors' remuneration and other benefits are as follows:

	31 July 2017 £'000	31 July 2016 £'000
Directors' remuneration		
Aggregate emoluments	**668**	473
Pension	**14**	8
	682	481

Details of the remuneration of individual Directors including those of the highest paid Director are included in the Director's Remuneration Report on pages 42 to 43.

4. Share-based payments
Full details of the share option schemes operated by the Company can be found in note 23 of the Group financial statements.

5. Investments
The Company has the following investments in subsidiary undertakings:

	Total £'000
Cost:	
At 31 July 2016	1,971
Additions	5
Share-based payment (note 4)	203
At 31 July 2017	**2,179**
Net book value:	
At 31 July 2017	**2,179**
At 31 July 2016	1,971

The addition in the year relates to the acquisition by the Company on 26 January 2017 of 95% of the shares in Plant Impact Argentina SA.

Subsidiary undertaking and registered office	Trading activity	Class of share capital	Registered and operated in	Held by company %
Bio Futures PI Limited Rothamsted, West Common, Harpenden AL5 2JQ	Holding company	Ordinary and preference	England and Wales	100
PI Bioscience Limited Rothamsted, West Common, Harpenden AL5 2JQ	Crop enhancement technology	Ordinary	England and Wales	100
Plant Impact Inc 160 Mine Lake Ct Ste 200, Raleigh, NC 27615	Consultancy services – nutrition technology	Ordinary	United States	100
Plant Impact Tecnologia em Nutrição Ltda Av. das Nações Unidas 18.801, unidade 501, Chácara Santo Antônio, 04754-010, São Paulo, SP	Consultancy services – nutrition technology	Ordinary	Brazil	100
Plant Impact Argentina SA Calle Perú 590, Piso 8, Depto 16, 1068, Ciudad Autónoma de Buenos Aires	Consultancy services – nutrition technology	Ordinary	Argentina	95

6. Debtors

	31 July 2017 £'000	31 July 2016 £'000
Amounts owed by Group undertakings	**4,234**	2,360
Prepayments and accrued income	**19**	18
VAT receivable	**8**	7
	4,261	2,385

7. Creditors: amounts falling due within one year

	31 July 2017 £'000	31 July 2016 £'000
Trade creditors	**76**	33
Accruals and other creditors	**248**	320
	324	353

8. Called up share capital

Issued share capital – ordinary shares of 1 pence each

	Number	Nominal Value £
As at 1 August 2015	81,395,400	813,954
Shares issued in the year	200,000	2,000
As at 31 July 2016	81,595,400	815,954
Shares issued in the year	13,003,225	130,032
As at 31 July 2017	**94,598,625**	**945,986**

Shares issued in the year included 12,903,225 new ordinary shares issued by way of a placing on 28 July 2017.

9. Share premium account

	31 July 2017 £'000	31 July 2016 £'000
As at 1 August	**20,472**	20,439
Shares issued during the period	**3,883**	33
Costs of share issue	**(240)**	-
As at 31 July	**24,115**	20,472

10. Other reserve

	31 July 2017 £'000	31 July 2016 £'000
As at 1 August	**980**	208
Forfeited share-based payments	**-**	(14)
Transfer of exercised options	**(6)**	(10)
Share-based payments to Directors	**594**	517
Share-based payments to employees	**364**	279
As at 31 July	**1,932**	980

Notes to the Parent Company Financial Statements continued

11. Merger relief reserve

	31 July 2017 £'000	31 July 2016 £'000
As at 31 July	**287**	287

The merger relief reserve represents the premium on shares issued arising from the acquisition of PI Bioscience Limited.

12. Profit and loss account

The Company has taken advantage of section 408 of the Companies Act 2006 and has not included its own profit and loss account in these financial statements. The Company's loss for the year ended 31 July 2017 was £1,311k (2016: £280k).

	31 July 2017 £'000	31 July 2016 £'000
As at 1 August	**(14,119)**	(13,863)
Loss for the financial period	**(1,311)**	(280)
Transfer of exercised options	**6**	10
Forfeited share-based payments	**-**	14
As at 31 July	**(15,424)**	(14,119)

13. Related party transactions

All intra-Group balances outstanding have been disclosed within note 6 to the Company financial statements. The amount owed is unsecured, repayable on demand and non-interest bearing. The Directors do not expect it to be repaid within one year.

As disclosed in note 26 of the Group financial statements, in order to facilitate the registration process for the Group's new subsidiary in Argentina, John Brubaker and Richard Amos were registered as the first shareholders of the new subsidiary. On 26 January 2017, before the subscription of the initial share capital had taken place and before the subsidiary started trading, they transferred ownership of the subsidiary for nil consideration to two Group companies, resulting in the 95% holding by the Company as detailed in note 5. All costs of setting up the subsidiary including those related to the transfer of ownership were paid for by the Company.

Advisers and Registered Office

Nominated Adviser
Peel Hunt LLP
Moor House
120 London Wall
London
EC2Y 5ET

Brokers
Peel Hunt LLP
Moor House
120 London Wall
London
EC2Y 5ET

Independent Auditor
RSM UK Audit LLP
The Pinnacle
170 Midsummer Boulevard
Milton Keynes
MK9 1BP

Solicitors
DLA Piper UK LLP
1 St Peter's Square
Manchester
M2 3DE

Registrars
Capita Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU

Bankers
HSBC Bank plc
8 Canada Square
London
E14 5HQ

Financial PR
Buchanan
107 Cheapside
London
EC2V 6DN

Registered Office
Rothamsted
West Common
Harpenden
AL5 2JQ