



22 November 2011

Byotrol plc

Interim results for the six months ended 30 September 2011

Byotrol plc ('Byotrol' or the 'Company'), the developer of anti microbial hygiene technologies, is pleased to announce its unaudited Interim results for the six months ended 30 September 2011.

Operational highlights include:

- Agreement of landmark supply contract with Rentokil Initial plc
- Total revenues of £923,384 in line with sales in the comparable period in 2010 (£922,270)
- Underlying product sales increased by 3.2%
- Change in strategic direction for Healthcare
- Relocation of all UK activities to Daresbury Science & Innovation Campus
- Continued focus on overhead cost control
- Successful placing to raise approximately £2.3m net of expenses post period end

Commenting on the results, Gary Millar, Chief Executive of Byotrol, said:

“Total revenues for the period were in line with the comparable reporting period last year, and reflected growth of 3.2% in underlying product sales. This represents real progress in the execution of our high growth strategy and is coincident with the opening of new distribution channels and the ending of some non performing exclusivity arrangements.

The announcement of a major new agreement with Rentokil Initial plc validates our strategy of partnering with organisations keen to capitalise on the benefits of Byotrol's superior technology. The Rentokil deal is potentially a transformational supply contract for Byotrol and we have started to deliver initial trial orders. We also continue to make excellent progress in the consumer field with further co-branded product launches with our partners, including the launch of new products, and the continuing development of our important relationship with McBride plc. The strengthening of the balance sheet through a post-period share placing at a time of significant market uncertainty endorses our belief that Byotrol's re-focused strategy

Chief Executive's Report

I am pleased to present our results for the six months ended 30 September 2011. Byotrol's refocused strategy has been reflected in real progress in the latest period. An important supply agreement has been signed with Rentokil plc. We have continued to achieve the key operational milestones necessary to transform Byotrol into a profitable and cash generative enterprise. These have required a sharpening of focus in our chosen sectors, the establishment of newer routes to market and the cessation of under-performing arrangements. These changes are fundamental to our high growth strategy and will lead to stronger performance in the future.

Overall revenues for the first half year were £923,384 compared with £922,270 in the same period last year. Revenues in the period under review were almost exclusively derived from product sales whereas in the comparable period licence fees and royalty receipts had represented some 3.4% of total revenues.

Underlying product sales therefore show 3.2% growth from £891,357 to £920,511 compared to the same period last year, on a like-for-like basis. The reported loss for the period was £1,380,974 (2010: loss of £1,260,304). The balance sheet had cash and cash equivalents of £475,633 (2010: £3,186,887) at 30 September 2011.

Margins for the period were lower due to a shift in product mix and operational inefficiencies associated with the insolvency of a primary distributor just prior to our last financial year. We continue to eliminate all non-essential cost from the business.

Over the period we have focused on more effective distribution partners, to help maximise the adoption of what we consider to be world class technology. With the benefit of the unequivocal, evidence-based validation of Byotrol's unique competitive advantage, we have been able to establish new supply relationships with expert product and service providers with truly international reach.

I am pleased to be able to report continued good progress in each of our core sectors and increasing evidence of our achieving the strategic objective of making Byotrol the leading ingredient brand of choice for anti microbial protection.

Markets

Industrial

During the period we announced the signing of a potentially transformational contract with Rentokil Initial plc ('Rentokil'). This contract will see the Byotrol technology being adopted by the Initial Hygiene division ('Initial') of Rentokil, one of the largest business services companies in the world, providing hygiene services to a range of clients including Government, health, education and commercial organisations.

The four year contract is for the supply of hand hygiene and surface sanitisation products for use in Initial's service offering to washrooms and kitchens across 16 European countries. This contract confirms Byotrol's unique anti-microbial technology as the innovation of choice for companies looking to the next generation of hygiene solutions.

This deal represents not only a landmark commercial milestone for Byotrol, but is a hugely significant validation by a leading service organisation of the unique benefits of Byotrol technology.

The products and services based on Byotrol technology are being rolled out by Initial starting in late Q4 2011, and initial trial supplies have commenced.

Consumer products

We continue to make significant advances in the consumer sector, which we serve via Byotrol Consumer Products (BCP), our joint venture with ?What If! Ventures. Our strategy of positioning Byotrol as the “Intel of Hygiene” by partnering with some of the world’s largest companies and best known brands continues to bear fruit.

Having previously reported the successful launch of products with leading consumer suppliers including P Z Cussons, the Mayborn Group, owners of the Tommee Tippee brand, Boots and Tesco (via the McBride Group), the focus of recent activity has been on rapidly moving our previously announced relationship with a Fortune 150 consumer partner from the developmental to the commercial phase.

I was therefore delighted when a significant joint development contract between our Fortune 150 partner and BCP was announced in May 2011. The goal of this agreement is to develop a range of products containing Byotrol’s unique technology for global consumer markets. Under the development contract BCP will receive up to US\$1,000,000 in upfront, milestone-based payments, and offsets. Both parties have committed extensive resources to the project to bring this development to a successful conclusion at the earliest opportunity.

Food & Beverage

The focus of our activity has been on building more sustainable and repeatable end-user demand, whilst at the same time ensuring our service response is as efficient as possible.

Over the period the ground breaking Campden BRI research, which unequivocally demonstrates Byotrol’s competitive advantage, has been translated into a compelling business case for change. This has led to recent successes including the choice of Byotrol as the total hygiene solution for the recently launched Marks & Spencer’s *Deli* pilot programme. We have also made significant progress in gaining share at leading food processors including the Bakkavor group.

Our strategy of partnering with a limited number of distributors has been augmented by a lean supply approach to increase efficiency and reduce costs. Together this adds clear overall economic benefit onto Byotrol’s unique, and superior, performance differentiation.

Healthcare

During the period we formalised our change in strategic direction with the cessation of our exclusive arrangement with Synergy Health plc. This sector remains a

significant potential growth platform for Byotrol's technology and our immediate focus has been on the assessment of prospective partners and new routes to market.

Technology

We continue to strengthen our microbiological and formulation chemistry capability. We have focused these resources on the immediate opportunities in both business and consumer markets but have also ensured that we continue the next generation of technology development.

In addition, we have relocated our sales and marketing team alongside our technology resource at Daresbury Science and Innovation Campus and are already witnessing the benefits of the co-location.

Byotrol team

I wish to thank the Byotrol team for their continued dedication and professionalism as we seek to transform the fortunes of our business. The team has been reshaped in the last 18 months, has relocated to our new site at Daresbury, and has implemented a number of important operational enhancements. The team has also performed magnificently in rising to the market challenges and opportunities presented.

Outlook

After the period end, the Company successfully strengthened its balance sheet through a limited share placing, which raised £2.46m gross. Associated costs were £0.2m. Despite the difficult business climate, the growing success of our focused strategy, and the new opportunities secured, e.g the Rentokil Initial deal, give confidence in the near term outlook. We look forward to reporting further progress in the second half of the year.

Gary Millar
Chief Executive
22 November 2011

Byotrol plc

UNAUDITED CONSOLIDATED INCOME STATEMENT

for the 6 months ended 30 September 2011

| | 6 mths ended 30 September 2011 | 6 mths ended 30 September 2010 | Year ended 31 March 2011 |
|---|--------------------------------------|--------------------------------------|--------------------------------|
| | £ | £ | £ |
| Revenue | 923,384 | 922,270 | 1,931,213 |
| Cost of sales | (674,877) | (551,542) | (1,238,067) |
| | <hr/> | <hr/> | <hr/> |
| Gross profit | 248,507 | 370,728 | 693,146 |
| Administration expenses excluding depreciation and amortisation | (1,572,663) | (1,339,543) | (2,858,205) |
| Share based payments | - | (158,803) | (334,028) |
| Share of joint venture loss before tax | (5,557) | (97,063) | (177,565) |
| | <hr/> | <hr/> | <hr/> |
| Loss before interest, depreciation, amortisation and tax | (1,329,713) | (1,224,681) | (2,676,652) |
| Amortisation | (26,476) | (22,004) | (47,423) |
| Depreciation | (24,995) | (23,834) | (46,105) |
| Finance income | 447 | 541 | 3,685 |
| Finance costs | (237) | (6) | (823) |
| | <hr/> | <hr/> | <hr/> |
| Loss before tax credit | (1,380,974) | (1,269,984) | (2,767,318) |
| Tax credit | - | 9,680 | 9,680 |
| | <hr/> | <hr/> | <hr/> |
| Loss for the financial period attributable to owners of the parent | (1,380,974) | (1,260,304) | (2,757,638) |
| | <hr/> | <hr/> | <hr/> |
| OTHER COMPREHENSIVE INCOME, NET OF TAX | | | |
| Currency translation difference | 4,492 | (11,342) | (25,250) |
| | <hr/> | <hr/> | <hr/> |
| TOTAL COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE PARENT | (1,376,482) | (1,271,646) | (2,782,888) |
| | <hr/> | <hr/> | <hr/> |
| Loss per share | | | |
| Basic per share (pence) | (1.25) | (1.42) | (2.77) |
| Diluted per share (pence) | (1.25) | (1.42) | (2.77) |
| | <hr/> | <hr/> | <hr/> |

The loss for the period arises from the Group's continuing operations

Byotrol plc

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION as at 30 September 2011

| | As at 30 September 2011 | As at 30 September 2010 | As at 31 March 2011 |
|--|-------------------------------|-------------------------------|---------------------------|
| | £ | £ | £ |
| ASSETS | | | |
| Property, plant and equipment | 154,675 | 145,581 | 149,307 |
| Intangible assets | 463,191 | 412,351 | 425,455 |
| | <u>617,866</u> | <u>557,932</u> | <u>574,762</u> |
| Current assets | | | |
| Inventories | 669,915 | 686,929 | 565,365 |
| Trade and other receivables | 1,911,795 | 1,513,697 | 1,916,817 |
| Cash and cash equivalents | 475,633 | 3,186,887 | 1,273,997 |
| | <u>3,057,343</u> | <u>5,387,513</u> | <u>3,756,179</u> |
| TOTAL ASSETS | <u>3,675,209</u> | <u>5,945,445</u> | <u>4,330,941</u> |
| LIABILITIES | | | |
| Current liabilities | | | |
| Trade and other payables | 866,862 | 874,958 | 521,207 |
| Obligations under finance leases | 6,597 | - | 8,190 |
| Joint venture | 582,092 | 138,330 | 205,404 |
| | <u>1,455,551</u> | <u>1,013,288</u> | <u>734,801</u> |
| Equity attributable to owners of the parent | | | |
| Share capital | 276,957 | 276,957 | 276,957 |
| Share premium account | 15,959,603 | 15,959,603 | 15,959,603 |
| Merger reserve | 1,064,712 | 1,064,712 | 1,064,712 |
| Retained earnings | (15,081,614) | (12,369,115) | (13,705,132) |
| TOTAL EQUITY | <u>2,219,658</u> | <u>4,932,157</u> | <u>3,596,140</u> |
| TOTAL EQUITY AND LIABILITIES | <u>3,675,209</u> | <u>5,945,445</u> | <u>4,330,941</u> |

Byotrol plc

UNAUDITED CONSOLIDATED CASH FLOW STATEMENT for the 6 months ended 30 September 2011

| | 6 mths ended 30 September 2011 £ | 6 mths ended 30 September 2010 £ | Year ended 31 March 2011 £ |
|---|---|---|-------------------------------------|
| Cash flow from operating activities | | | |
| Loss before tax for the period | (1,380,974) | (1,269,984) | (2,767,318) |
| Adjustments for: | | | |
| Share based payments | - | 158,803 | 334,028 |
| Depreciation | 24,995 | 23,834 | 46,105 |
| Amortisation | 26,476 | 22,004 | 47,423 |
| Profit on disposal of fixed assets | - | - | (2,886) |
| Finance income | (447) | (541) | (3,685) |
| Finance costs | 237 | 6 | 823 |
| Foreign exchange gains and losses | 4,492 | (11,342) | (24,576) |
| Share of loss of joint ventures | 5,557 | 97,063 | 177,565 |
| Increase in joint venture account | (62,234) | (88,016) | (87,360) |
| Changes in working capital | | | |
| (Increase)/decrease in inventories | (104,550) | (4,511) | 117,053 |
| Decrease/(increase) in trade and other receivables | 67,256 | 98,269 | (318,935) |
| Increase/(decrease) in trade and other payables | 345,655 | (260,745) | (614,496) |
| Net cash used in operating activities | (1,073,537) | (1,235,160) | (3,096,259) |
| Interest paid | - | (6) | - |
| Income taxes received | - | 9,680 | 9,680 |
| Net cash used in operating activities | (1,073,537) | (1,225,486) | (3,086,579) |
| Cash flows from investing activities | | | |
| Payments to acquire property, plant and equipment | (30,363) | (9,896) | (27,757) |
| Payments to acquire intangible assets | (64,212) | (79,860) | (118,383) |
| Proceeds from sale of property, plant and equipment | - | - | 4,250 |
| Receipts on behalf of joint venture | 371,131 | - | - |
| Interest received | 447 | 541 | 3,685 |
| Net cash used in investing activities | 277,003 | (89,215) | (138,205) |
| Cash flows from financing activities | | | |
| Proceeds of issue of ordinary shares | - | 4,000,000 | 4,000,000 |
| Share issue costs | - | (264,627) | (264,627) |
| Capital element of finance lease | (1,593) | - | (1,310) |
| Interest paid | (237) | - | (823) |
| Net cash (outflow)/inflow from financing | (1,830) | 3,735,373 | 3,733,240 |
| Net (decrease)/ increase in cash and cash equivalents | (798,364) | 2,420,672 | 508,456 |
| Cash & cash equivalents at the beginning of the financial period | 1,273,997 | 766,215 | 766,215 |
| Effect of foreign exchange rates | - | - | (674) |
| Cash & cash equivalents at the end of the financial period | 475,633 | 3,186,887 | 1,273,997 |

Byotrol plc

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY as at 30 September 2011

| | Share Capital £ | Share Premium £ | Merger Reserve £ | Retained Deficit £ | Total £ |
|--|-----------------------|-----------------------|------------------------|--------------------------|-------------|
| Balance at 1 April 2010 | 210,290 | 12,290,897 | 1,064,712 | (11,256,272) | 2,309,627 |
| Placing of shares | 66,667 | 3,933,333 | - | - | 4,000,000 |
| Placing costs | - | (264,627) | - | - | (264,627) |
| Loss for the period | - | - | - | (1,260,304) | (1,260,304) |
| Other comprehensive income, net of tax: | | | | | |
| Currency translation difference | - | - | - | (11,342) | (11,342) |
| Total comprehensive loss for the period | - | - | - | (1,271,646) | (1,271,646) |
| Share based payments | - | - | - | 158,803 | 158,803 |
| Balance at 30 September 2010 | 276,957 | 15,959,603 | 1,064,712 | (12,369,115) | 4,932,157 |
| Loss for the period | - | - | - | (1,497,334) | (1,497,334) |
| Other comprehensive income net of tax: | | | | | |
| Currency translation difference | - | - | - | (13,908) | (13,908) |
| Total comprehensive loss for the period | - | - | - | (1,511,242) | (1,511,242) |
| Share based payments | - | - | - | 175,225 | 175,225 |
| Balance at 31 March 2011 | 276,957 | 15,959,603 | 1,064,712 | (13,705,132) | 3,596,140 |
| Loss for the period | - | - | - | (1,380,974) | (1,380,974) |
| Currency translation difference | - | - | - | 4,492 | 4,492 |
| Total comprehensive loss for the period | - | - | - | (1,376,482) | (1,376,482) |
| Share based payments | - | - | - | - | - |
| Balance at 30 September 2011 | 276,957 | 15,959,603 | 1,064,712 | (15,081,614) | 2,219,658 |

Byotrol plc
Notes to the Interim Financial Statements
for the period to 30 September 2011

1 Basis of preparation

The interim financial statements have been prepared in accordance with the AIM rules and the basis of accounting policies set out in the accounts for the year ended 31 March 2011 and on the basis of all International Financial Reporting Standards ("IFRS") as adopted by the European Union that are expected to be applicable to the Group's statutory accounts for the year ended 31 March 2012. The interim financial statements are unaudited and were approved by the Directors on 21 November 2011. The information set out herein is abbreviated and does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. The results for the year ended 31 March 2011 are in abbreviated form and have been extracted from the published financial statements. These were audited and reported upon without qualification by Baker Tilly UK Audit LLP and did not contain a statement under Section 498(2) or (3) of the Companies Act 2006. The audit report did however include an emphasis of matter paragraph in respect of going concern.

The Group has not applied IAS 34, Interim Financial Reporting, which is not mandatory for UK Groups, in the preparation of these interim financial statements.

The company is a limited liability company incorporated and domiciled in England & Wales and whose shares are quoted on AIM, a market operated by The London Stock Exchange. The consolidated financial information of Byotrol plc is presented in Pounds Sterling (£), which is also the functional currency of the parent.

2 Going concern

The Group has continued to incur losses in the period to 30 September 2011, but had, at the period end, cash reserves and net assets of £475,633 and £2,219,658. After the period end, the Company successfully strengthened its balance sheet through a limited share placing which raised £2.46m gross. Associated costs were £0.2m. In view of the losses sustained and the funds raised, the directors have prepared cash flow forecasts for the Group that reflect the Group's forecast revenues, costs and financing. It is envisaged by the directors that these forecast cash flow streams, together with cash reserves will provide adequate funds for Byotrol plc and all its subsidiary companies for the foreseeable future. The interim financial statements have therefore been prepared on a going concern basis.

Byotrol plc
Notes to the Interim Financial Statements
for the period to 30 September 2011

3 Segmental information

The Group has three reportable segments, being Product sales, License fees and Royalties. This disclosure correlates with the information which is presented to the Group's Chief Decision Maker, the CEO. The Group's revenue, result before taxation and net assets were all derived from its principal activities.

The joint venture is included in the product sales segment. Segmental information is presented using Group policies.

| 6 months ended 30 September 2011 | <i>Continuing operations</i> | | | Total |
|---|------------------------------|---------------------|------------------|--------------------|
| | Product sales | Licence fees | Royalties | |
| | £ | £ | £ | £ |
| REVENUE | | | | |
| External revenue | 920,511 | 2,873 | - | 923,384 |
| Total revenue | <u>920,511</u> | <u>2,873</u> | <u>-</u> | <u>923,384</u> |
| RESULT | | | | |
| Segment result | (1,378,500) | 2,873 | - | (1,375,627) |
| Investment income | 447 | - | - | 447 |
| Share of joint venture loss | (5,557) | - | - | (5,557) |
| Finance costs | (237) | - | - | (237) |
| Loss before tax | <u>(1,383,847)</u> | <u>2,873</u> | <u>-</u> | <u>(1,380,974)</u> |
| OTHER INFORMATION | | | | |
| Capital additions | 94,575 | - | - | 94,575 |
| Depreciation and amortisation | 51,471 | - | - | 51,471 |
| ASSETS | | | | |
| Segment assets | 3,675,209 | - | - | 3,675,209 |
| Total assets | <u>3,675,209</u> | <u>-</u> | <u>-</u> | <u>3,675,209</u> |
| LIABILITIES | | | | |
| Segment liabilities | 1,455,551 | - | - | 1,455,551 |
| Net assets | <u>2,219,658</u> | <u>-</u> | <u>-</u> | <u>2,219,658</u> |

Byotrol plc
Notes to the Interim Financial Statements
for the period to 30 September 2011

3 Segmental information continued

| 6 months ended 30 September 2010 | <i>Continuing operations</i> | | | Total £ |
|---|------------------------------|---------------------------|------------------------|--------------------|
| | Product sales £ | Licence fees £ | Royalties £ | |
| REVENUE | | | | |
| External revenue | 891,357 | 26,548 | 4,365 | 922,270 |
| Total revenue | <u>891,357</u> | <u>26,548</u> | <u>4,365</u> | <u>922,270</u> |
| RESULT | | | | |
| Segment result | (1,204,639) | 26,548 | 4,365 | (1,173,456) |
| Investment income | 541 | - | - | 541 |
| Share of joint venture loss | (97,063) | - | - | (97,063) |
| Finance costs | (6) | - | - | (6) |
| Loss before tax | <u>(1,300,897)</u> | <u>26,548</u> | <u>4,365</u> | <u>(1,269,984)</u> |
| OTHER INFORMATION | | | | |
| Capital additions | 89,756 | - | - | 89,756 |
| Depreciation and amortisation | 45,838 | - | - | 45,838 |
| ASSETS | | | | |
| Segment assets | 5,913,768 | 26,548 | 5,129 | 5,945,445 |
| Total assets | <u>5,913,768</u> | <u>26,548</u> | <u>5,129</u> | <u>5,945,445</u> |
| LIABILITIES | | | | |
| Segment liabilities | 1,013,288 | - | - | 1,013,288 |
| Net assets | <u>4,900,480</u> | <u>26,548</u> | <u>5,129</u> | <u>4,932,157</u> |

Byotrol plc
Notes to the Interim Financial Statements
for the period to 30 September 2011

3 Segmental information (continued)

| Year ended 31 March 2011 | <i>Continuing operations</i> | | | Total |
|---------------------------------|------------------------------|---------------------|------------------|--------------------|
| | Product sales | Licence fees | Royalties | |
| | £ | £ | £ | £ |
| REVENUE | | | | |
| External revenue | 1,897,899 | 26,548 | 6,766 | 1,931,213 |
| Total revenue | <u>1,897,899</u> | <u>26,548</u> | <u>6,766</u> | <u>1,931,213</u> |
| RESULT | | | | |
| Segment result | (2,625,929) | 26,548 | 6,766 | (2,592,615) |
| Investment income | 3,685 | - | - | 3,685 |
| Share of joint venture loss | (177,565) | - | - | (177,565) |
| Finance costs | (823) | - | - | (823) |
| Loss before tax | <u>(2,800,632)</u> | <u>26,548</u> | <u>6,766</u> | <u>(2,767,318)</u> |
| OTHER INFORMATION | | | | |
| Capital additions | 155,640 | - | - | 155,640 |
| Depreciation and amortisation | 93,528 | - | - | 93,528 |
| ASSETS | | | | |
| Segment assets | 4,330,941 | - | - | 4,330,941 |
| Total assets | <u>4,330,941</u> | <u>-</u> | <u>-</u> | <u>4,330,941</u> |
| LIABILITIES | | | | |
| Segment liabilities | 734,801 | - | - | 734,801 |
| Net assets | <u>3,596,140</u> | <u>-</u> | <u>-</u> | <u>3,596,140</u> |

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Notes to the Interim Financial Statements
for the period to 30 September 2011

3 Segmental information (continued)

Geographical segments

The Group's operations are located in the United Kingdom and the United States of America.

The following table provides an analysis of the Group's sales by geography based upon location of the Group's customers.

| | United Kingdom £ | North America £ | Rest of the World £ | Total £ |
|---|------------------------|-----------------------|---------------------------|------------|
| 6 months ended 30 September 2011 | | | | |
| External revenue | 561,494 | 87,068 | 274,822 | 923,384 |
| Carrying amount of segment assets | 3,274,926 | 244,279 | 277,004 | 3,675,209 |
| | ===== | ===== | ===== | ===== |
| | United Kingdom £ | North America £ | Rest of the World £ | Total £ |
| 6 months ended 30 September 2010 | | | | |
| External revenue | 464,268 | 266,665 | 191,337 | 922,270 |
| Carrying amount of segment assets | 5,204,646 | 292,830 | 447,969 | 5,945,445 |
| | ===== | ===== | ===== | ===== |
| | United Kingdom £ | North America £ | Rest of the World £ | Total £ |
| Year ended 31 March 2011 | | | | |
| External revenue | 1,175,932 | 407,037 | 348,244 | 1,931,213 |
| Segment assets | 3,887,876 | 443,065 | - | 4,330,941 |
| | ===== | ===== | ===== | ===== |

4 Loss per ordinary share

The loss per ordinary share is based on the losses for the period of £1,380,974 (six months ended 30 September 2010: £1,260,304 loss; twelve months ended 31 March 2011 £2,757,638 loss) and the weighted average number of ordinary shares in issue during the period of 110,783,082 (six months ended 30 September 2010: 88,974,194; twelve months ended 31 March 2011: 99,604,998).

The loss for the period and the weighted average number of ordinary shares for calculating the diluted earnings per share for the six months ended 30 September 2011 and for the comparative periods are identical to those used for the basic earnings per share. This is because the outstanding share options would have the effect of reducing the loss per ordinary share and would therefore not be dilutive.

Byotrol plc
Notes to the Interim Financial Statements
for the period to 30 September 2011

5 Taxation

No liability to UK corporation or overseas income taxes arises for the period due to losses incurred. The directors have assessed the position in relation to deferred tax and concluded that no provision or asset should be created at this stage in respect of deferred tax in view of the timescale and uncertainty of the recovery of tax losses. This position will be reviewed again at 31 March 2012.

The tax credit relates to research and development repayment claims received from HMRC.

6 Post balance sheet event

After the period end, the Company successfully strengthened its balance sheet through a limited share placing which raised £2.46m gross. Associated costs were £0.2m.

7 Interim announcement

The interim report was issued to the Stock Exchange and the press on 22 November 2011. A copy will be posted on the Company's website.

