



17 November 2009

**Byotrol plc**  
**Interim results for six months ended 30 September 2009**

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 2009.

**Operational highlights include:**

- Significant increase in sales
- Successful trial at Manchester Royal Infirmary demonstrating Byotrol performing on average 40% better than the current best available technology
- 2 new patent applications filed as a result of innovations resulting from our R&D activities
- New patent granted in Canada
- Increased broadening of IP and product efficacy data enhancing product development against virulent microbacterial strains

**Commenting on the results, David McRobbie, Chief Executive of Byotrol, said:**

“Progress at Byotrol has been notable across every stage of our product cycle; with further innovation breakthroughs, new patent applications lodged, patents granted and commercial agreements reached. The significant increase in sales is in part due to the concern regarding swine flu; however it can also be attributed to a greater appreciation of the qualities, efficacy and broad applications of Byotrol.

“We remain confident of the prospects for Byotrol and look forward to the challenge of the second half, but we recognise that there is still much work to be done to achieve Byotrol’s true potential.”



## **Chairman's Statement**

I am pleased to present my report for the first six months of the financial year. Having joined the Board in May and become Chairman in June, I have been encouraged by the progress being made by the company.

The first half-year has seen the Company make progress across its target markets:

- Healthcare through our relationship with Synergy Health plc in Europe and through distributors in the US
- Food and beverage, both through distributors and direct sales
- Consumer products through our joint venture, Byotrol Consumer Products Ltd.

We have continued our drive to develop Byotrol as a globally trusted brand in the field of microbial control, and the priorities of the past six months have been to develop sales channels to enable us to exploit our technology, and to develop the range of Byotrol products available.

I was especially encouraged by the results of the clinical trial at the Manchester Royal Infirmary, under NHS supervision, that demonstrated Byotrol's superior effectiveness compared to the currently available best technology. The Company aims to capitalise on this during the coming months.

The Board is encouraged by the sales for the first half-year, with revenues increasing to £1,995,375 from £387,852 in the same period last year, albeit that some of the increase has related to concerns about swine flu. The revenues comprise product sales of £1,540,395 (2008:£184,922), licence fees of £450,000 (2008:£200,000) and royalties of £4,980 (2008:£2,930). The reported loss for the period was £590,211 (2008: loss of £1,425,101). The balance sheet remains strong with cash, cash equivalents and receivables of £3,527,232 (2008:£1,537,820), partly as a result of the fund raising undertaken in Autumn 2008.

I would like to express my thanks to all staff, partners and suppliers who have supported us throughout the period, and who have contributed to this improving performance.

### **Prospects**

The increasing evidence about Byotrol's superior effectiveness, together with its growing recognition, makes the Board cautiously optimistic about future prospects; sales predictions are very difficult to make as there is no real history on which to base them. Whilst we are encouraged by the first half growth and achievement, the future challenge is to maintain and build on this momentum. The market continues to be volatile, and visibility of the 4<sup>th</sup> quarter of this financial year is still quite limited.

Finally, I would like to welcome the Rt Hon Iain Duncan Smith to the Board. Iain brings us a wealth of experience and we are already benefitting from his wise counsel.

**Ralph Kugler**  
**Chairman**  
**17 November 2009**

## **Chief Executive's Report**

The first half of the financial year has shown encouraging progress as we continue to build the business. Sales growth and some very successful independent trial results have been achieved against a cautious global economic backdrop.

This cautious climate has continued to have a noticeable effect on some of our bigger prospects, slowing the decision making process and reducing innovation budgets. However, with the heightened public concern over swine flu, I am pleased to report that a number of our customers and distribution partners have experienced significantly increased demand for our products.

The increase in orders gave rise to some temporary issues in relation to sourcing bottles and caps and the Company turned to suppliers in both Europe and North America. This has had an unavoidable short term impact on margins. We have, however, addressed the bottles supply issue via a manufacturing arrangement with a major bottle supplier. Accordingly, we expect that margins should improve in the second half of the current financial year.

### **Strategy**

Byotrol's technology is proven to offer superior longer lasting protection against microbes when compared to the current products in use. When incorporated into the products of our partners, it gives powerful, gentle and long lasting performance against a wide range of microbial threats. All Byotrol products targeted at our key markets have Byotrol as the ingredient brand, and we intend to continue to grow Byotrol's reputation, brand awareness and commercial success as part of the Byotrol Hygiene Revolution.

### **Sector Review**

#### **Healthcare**

The period under review saw the successful completion at Manchester Royal Infirmary of a very significant comparative study of our technology versus the bleach based NHS Gold standard. Conducted independently by Trustech, the NHS Innovation hub in the North West, in association with our UK healthcare licensee Synergy Health Plc, the trial compared AzoMaxActive, a Byotrol based hospital cleaning system, against a strong hypochlorite based disinfectant. Byotrol based materials performed on average 40% better than the current best available technology. Whilst this alone is a significant achievement, the additional benefits of the gentle characteristics of Byotrol products must also be recognised. The damage caused by the use of bleach is well reported and we believe the NHS spends significant sums on early replacement of damaged equipment which could be avoided through the use of Byotrol based products.

In the NHS, an approaching general election has not helped in what is already a very slow and cumbersome adopter of new technologies. Working with our partner Synergy Health we have made some inroads, with Synergy's sales showing small but important signs of real growth. Starting from a low base they are nonetheless 26 times greater in the most recent quarter of 2009 compared with the same quarter 2008.

In the USA we are nearing 3 years without a hospital acquired infection at the Monroe hospital in Indiana. We recognise the intrinsic value of having the highest quality reference

sites and we are delighted that Byotrol forms an essential part of this outstanding hospital's continuing control of infection.

### **Food**

The food industry's reputation stands or falls on its hygiene record. The sector is one of our key targets, for whilst the companies are extremely vigilant in the battle against microbes they are cost conscious in equal measure. Adoption of Byotrol products in this industry underscores Byotrol's performance both as the best available defence against microbes, but also as a cost effective tool.

We adopt a strategy of supply to this sector through a limited number of distributors including Arco for national supply, Sorsky for regional emphasis and Boxlogix for speciality services. It was our distributors and the food industry that were a significant part of the increase in demand for hand hygiene products in the second quarter.

### **Consumer products**

This continues to be a market of significant opportunity for Byotrol, which we pursue through our joint venture company, Byotrol Consumer Products Ltd. Despite a slowing of decision making we remain encouraged by progress made and interest shown in this sector. Recent achievements include an arrangement with the UK's leading pharmacy-led health and beauty retailer 'Boots UK' which will see Byotrol products available on shelves in Boots stores later this year.

### **R&D**

In addition to some excellent work conducted at Manchester University's Organic Materials Innovation Centre (OMIC), the Collyhurst and Daresbury laboratory based teams have produced a huge output of test data and prototype materials in support of Byotrol Consumer Products and our other partners. The result of these initiatives has been further patent applications and the reaching of transformational commercial milestones.

The Daresbury laboratories have recently been authorised as 'class 2' for microbiological research, which will permit in house refinement of prototype consumer products containing Byotrol targeted at particularly virulent bacterial strains such as e-coli. This will add value to our negotiations with prospective partners and has already added to our intellectual property and knowledge base.

Our testing programme continues to show our technology's superior performance both in the laboratory and in practical use. We have been able to secure very early data on efficacy against the H1N1 virus which reaffirms Byotrol's broad spectrum and powerful defence against microbial threats. We have had excellent independent laboratory data against norovirus, showing 17 hours of activity after drying against this very tough viral threat. Norovirus has a major negative effect on certain hospitality businesses notably cruise ships.

### **Intellectual Property**

The value of Byotrol's technology is to a large extent based on our patents and other intellectual property protections. During the period, based on additional learning from our R&D team, two new patents were filed.

In addition, the process of patents already filed and published continued, with recent grants in Canada and, since the period end, Turkey. Our list of patents has grown recently and provided a powerful tool in our negotiations with potential partners

## **Byotrol team**

Finally, I would like to thank all our staff for their enthusiasm and commitment to the business.

**David McRobbie**  
**Chief Executive**  
**17 November 2009**

# Byotrol plc

## UNAUDITED CONSOLIDATED INCOME STATEMENT

for the period ended 30 September 2009

	6 Mths 30-Sep-09	6 Mths 30-Sep-08	12 Mths 31-Mar-09
	£	£	£
<b>Revenue</b>	1,995,375	387,852	929,847
Cost of sales	(713,325)	(76,573)	(220,851)
	<hr/>	<hr/>	<hr/>
<b>Gross profit</b>	1,282,050	311,279	708,996
Other expenses excluding depreciation and amortisation	(1,576,459)	(1,517,738)	(3,217,979)
Share scheme charges	(150,064)	(153,461)	(291,780)
Share of joint venture loss before tax	(124,866)	(94,822)	(175,475)
	<hr/>	<hr/>	<hr/>
<b>Loss before interest, depreciation, amortisation and tax</b>	(569,339)	(1,454,742)	(2,976,238)
Amortisation	(8,134)	(8,984)	(21,872)
Depreciation	(15,320)	(10,508)	(20,537)
Finance income	2,586	18,059	36,662
Finance costs	(4)	(311)	(804)
	<hr/>	<hr/>	<hr/>
<b>Loss before tax credit</b>	(590,211)	(1,456,486)	(2,982,789)
Tax credit	-	31,385	53,083
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<b>Loss for the financial period</b>	(590,211)	(1,425,101)	(2,929,706)
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<b>Loss per share</b>			
Basic per share (pence)	(0.71)	(3.14)	(4.92)
Diluted per share (pence)	(0.71)	(3.14)	(4.92)
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The loss for the period arises from the Group's continuing operations

**Byotrol plc**  
**UNAUDITED CONSOLIDATED BALANCE SHEET**  
as at 30 September 2009

	30 September 2009	30 September 2008	31 March 2009
	£	£	£
<b>ASSETS</b>			
Property, plant and equipment	155,594	31,813	63,184
Intangible assets	131,932	99,855	108,733
	<hr/>	<hr/>	<hr/>
	287,526	131,668	171,917
	<hr/>	<hr/>	<hr/>
<b>Current assets</b>			
Inventories	407,641	153,681	190,926
Trade and other receivables	1,848,889	852,804	1,002,605
Cash and cash equivalents	1,678,343	685,016	2,863,909
	<hr/>	<hr/>	<hr/>
	3,934,873	1,691,501	4,057,440
	<hr/>	<hr/>	<hr/>
<b>TOTAL ASSETS</b>	4,222,399	1,823,169	4,229,357
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<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	806,778	387,820	400,684
Joint venture	151,841	146,259	100,907
	<hr/>	<hr/>	<hr/>
	958,619	534,079	501,591
	<hr/>	<hr/>	<hr/>
<b>Equity</b>			
Share capital	209,290	118,381	209,290
Share premium account	12,163,897	8,487,847	12,163,897
Merger reserve	1,064,712	1,064,712	1,064,712
Retained earnings	(10,174,119)	(8,381,850)	(9,710,133)
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<b>TOTAL EQUITY</b>	3,263,780	1,289,090	3,727,766
	<hr/>	<hr/>	<hr/>
<b>TOTAL EQUITY AND LIABILITIES</b>	4,222,399	1,823,169	4,229,357
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# Byotrol plc

## UNAUDITED CONSOLIDATED CASH FLOW STATEMENT for the period ended 30 September 2009

	30 September 2009	30 September 2008	31 March 2009
	£	£	£
<b>Cash flow from operating activities</b>			
Loss before tax for the period	(590,211)	(1,456,486)	(2,982,789)
Adjustments for:			
Share based compensation	150,064	153,461	291,780
Depreciation	15,320	10,507	20,537
Amortisation	8,134	8,984	21,872
Finance income	(2,586)	(18,059)	(36,662)
Foreign exchange gains and losses	(23,839)	(2,191)	35,811
Changes in working capital			
(Increase)/decrease in inventories	(216,715)	(31,509)	(68,754)
(Increase)/decrease in trade and other receivables	(795,350)	195,282	(73,357)
Increase/(decrease) in trade and other payables	406,094	(101,017)	(14,666)
<b>Net cash used in operating activities</b>	<b>(1,049,089)</b>	<b>(1,241,028)</b>	<b>(2,806,228)</b>
<b>Cash flows from investing activities</b>			
Payments to acquire property, plant and equipment	(107,730)	(621)	(42,022)
Payments to acquire intangible assets	(31,333)	(54,540)	(76,306)
Interest received	2,586	18,059	36,662
<b>Net cash used in investing activities</b>	<b>(136,477)</b>	<b>(37,102)</b>	<b>(81,666)</b>
<b>Cash flows from financing activities</b>			
Proceeds of issue of ordinary shares	-	618,801	4,618,801
Share issue costs	-	-	(233,041)
Tax credit received	-	31,385	53,083
<b>Net cash inflow from financing</b>	<b>-</b>	<b>650,186</b>	<b>4,438,843</b>
Net decrease in cash and cash equivalents	(1,185,566)	(627,944)	(1,550,949)
Cash & cash equivalents at the beginning of the financial period	2,863,909	1,312,960	1,312,960
<b>Cash &amp; cash equivalents at the end of the financial period</b>	<b>1,678,343</b>	<b>685,016</b>	<b>2,863,909</b>

# Byotrol plc

## UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY as at 30 September 2009

	Share Capital £	Share Premium £	Merger Reserve £	Retained Earnings deficit £	Total £
<b>Balance at 1 April 2008</b>	111,655	7,875,772	1,064,712	(7,108,018)	1,944,121
Conversion of warrants	6,726	612,075	-	-	618,801
Loss for the period	-	-	-	(1,425,101)	(1,425,101)
Exchange difference	-	-	-	(2,192)	(2,192)
Share based payments	-	-	-	153,461	153,461
<b>Balance at 30 September 2008</b>	118,381	8,487,847	1,064,712	(8,381,850)	1,289,090
Placing of shares	90,909	3,909,091	-	-	4,000,000
Placing costs	-	(233,041)	-	-	(233,401)
Loss for the period	-	-	-	(1,504,605)	(1,504,605)
Exchange difference	-	-	-	38,003	38,003
Share based payments	-	-	-	138,319	138,319
<b>Balance at 31 March 2009</b>	209,290	12,163,897	1,064,712	(9,710,133)	3,727,766
Loss for the period	-	-	-	(590,211)	(590,211)
Exchange difference	-	-	-	(23,839)	(23,839)
Share based payments	-	-	-	150,064	150,064
<b>Balance at 30 September 2009</b>	209,290	12,163,897	1,064,712	(10,174,119)	3,263,780

**Byotrol plc**  
**Notes to the Interim Financial Statements**  
**for the period to 30 September 2009**

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**1 Basis of preparation**

This interim statement has 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 2009 and on the basis of all International Financial Reporting Standards ("IFRS") that are expected to be applicable to the Group's statutory accounts for the year ended 31 March 2010. The interim statement is unaudited and was approved by the Directors on 17 November 2009. The information set out herein is abbreviated and does not constitute statutory accounts within the meaning of Section 435 of the Companies Act 2006. The results for the year ended 31 March 2009 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 237(2) or (3) of the Companies Act 1985.

**2 Going concern**

The Group has continued to incur losses in the period to 30 September 2009, but had, at the period end, significant cash reserves and net assets of £3.2 million. In view of the losses sustained, 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 will provide adequate funds for Byotrol plc and all its subsidiary companies for the foreseeable future.

The financial statements have therefore been prepared on a going concern basis.

**3 Revenue**

Revenue and loss before taxation were all derived from the Group's principal activities. The analysis of revenue by source is:

	6 Mths 30-Sep-09 £	6 Mths 30-Sep-08 £	12 Mths 31-Mar-09 £
Product sales	1,540,395	184,922	484,801
Licence fees	450,000	200,000	440,000
Royalties	4,980	2,930	5,046
	1,995,375	387,852	929,847

The directors consider that the business generates revenues from the above three distinct sources. The three streams have a shared and largely inseparable cost base, and thus the directors consider that there is only one business segment

The geographical analysis of revenue is:

	6 Mths 30-Sep-09 £	6 Mths 30-Sep-08 £	12 Mths 31-Mar-09 £
UK	1,246,138	138,128	523,666
North America	95,474	66,123	159,265
Rest of World	653,763	183,601	246,916
	1,995,375	387,852	929,847

**Bytrol plc**  
**Notes to the Interim Financial Statements**  
**for the period to 30 September 2009**

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**4 Loss per ordinary share**

The loss per ordinary share is based on the losses for the period of £590,211 (six months ended 30 September 2008: £1,425,101 loss; twelve months ended 31 March 2009 £2,929,706 loss) and the weighted average number of ordinary shares in issue during the period of 83,716,411 (six months ended 30 September 2008: 45,338,516; twelve months ended 31 March 2009: 59,593,157).

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 2009 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.

**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 2010.

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

**6 Interim announcement**

The interim report was issued to the Stock Exchange and the press on 17 November 2009. A copy will be posted on the Company's website.

## **Independent Review Report to Bytrol plc**

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### ***Introduction***

We have been engaged by the Company to review the condensed set of financial statements in the interim financial report for the six months ended 30 September 2009 which comprises the consolidated income statement, the consolidated balance sheet, the consolidated cash flow statement, the consolidated statement of changes in equity and the accompanying notes. We have read the other information contained in the interim financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report, including the conclusion, has been prepared for and only for the Company for the purpose of meeting the requirements of the AIM Rules for Companies and for no other purpose. We do not, therefore, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### ***Directors' Responsibilities***

The interim financial report, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing and presenting the interim financial report in accordance with the AIM Rules for Companies.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards and International Financial Reporting Interpretations Committee ("IFRIC") pronouncements as adopted by the European Union. The condensed set of financial statements included in this interim financial report has been prepared in accordance with the measurement and recognition criteria of International Financial Reporting Standards and IFRIC pronouncements, as adopted by the European Union.

### ***Our Responsibility***

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the interim financial report based on our review.

### ***Scope of Review***

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### ***Conclusion***

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the interim financial report for the six months ended 30 September 2009 is not prepared, in all material respects, in accordance with the measurement and recognition criteria of International Financial Reporting Standards and IFRIC pronouncements as adopted by the European Union, and the AIM Rules for Companies.

Baker Tilly UK Audit LLP  
Chartered Accountants  
3 Hardman Street  
Manchester  
M3 3HF

17 November 2009