



21 June 2011

Byotrol plc

UNAUDITED PRELIMINARY RESULTS FOR THE YEAR ENDED 31 MARCH 2011

Byotrol plc ('Byotrol' or 'the Group'), the leading AIM listed anti-microbial hygiene company, is pleased to announce its unaudited preliminary results for the 12 months ended 31 March 2011.

Highlights of the year include

- Negotiating new partnerships with major product supply and service companies, including Rentokil Initial plc in the UK, to create long term growth opportunities
- Successful integration of our Petcare acquisition, Byofresh
- Continued investment in the Byotrol technology, supported by the NWDA grant that was awarded in April 2010
- The centralisation of the company at Daresbury, bringing sales and marketing together with the technical operation
- A successful fund raising in 2010
- Reduction in annual overhead costs on an ongoing basis of about £475,000
- Revenues of £1,913,213 (2010: £3,145,157)
- Through our joint venture Byotrol Consumer Products Ltd; new distribution agreements with Robert McBride, Mayborn and PZ Cussons; a significant extension of our major development agreement with a US Fortune 150 company; and Byotrol products now available on the shelves of high profile UK retail outlets including Tesco and Boots stores

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

“The significant changes to our business in the past year have created a strong platform for accelerated growth, and to achieve our goal of reaching positive cash generation at the earliest opportunity.”

Enquiries:

Byotrol plc 01925 742000
Gary Millar – Chief Executive
Richard Bell – Finance Director

Arbuthnot Securities Limited 020 7012 2000
Antonio Bossi
Henry Willcocks

Winningtons 020 3176 4722
Tom Cooper / Paul Vann 0797 122 1972

Notes to Editors:

Byotrol plc (BYOT.L), quoted on AIM, is a leading microbial technology hygiene company, operating globally in the Healthcare, Food and Consumer sectors, providing a low toxicity product with a broad-based and long lasting efficacy across all microbial classes; bacteria, viruses, fungi, moulds, mycobacteria and algae.

Powerful, long lasting and gentle, Byotrol's products can be used stand alone or as an ingredient brand where, as a complementary addition within existing products, Byotrol can significantly improve their performance in personal hygiene, domestic and industrial disinfection, odour control, food production and food management.

Founded in 2005, the Company has prioritised the development of a technology that creates easier, safer and cleaner lives through partnering with providers of essential goods and services. Byotrol is the catalyst behind the global 'Hygiene Revolution'.

For more information, please go to www.byotrol.co.uk

Chairman's statement

The past year has seen the Group make important progress towards profitability and cash generation, despite the challenging economic conditions. Underlying sales grew throughout the year - but total sales are down because of the market's reaction to the one-off effect of the swine flu scare in the previous year.

Financial results

During the year, the Group achieved revenues of £1,913,213 (2010: £3,145,157). The loss for the year amounted to £2,757,638 (2010: £1,825,406) after one off costs of £210,875 and the result was also impacted by the non-payment of a contractual royalty payment of £200,000. Without the effect of these items, totalling £410,875, the loss would have been £2,346,763. Further details are contained in the Chief Executive's report. The consolidated statement of financial position reflects a year-end total assets of £4,330,941 (2010: £3,560,529) and the cash at bank and in hand was £1,273,997.

If the one-off effect of the swine flu pandemic sales is excluded, the underlying product sales growth, excluding Byofresh, was 27%. Byofresh, in its first full year, contributed sales of £789,366.

Developments

Our new Chief Executive, Gary Millar, has made a strong start. His priorities are to accelerate sustainable revenue growth, and to take the business to positive cash generation at the earliest opportunity. Gary has used his first year to make important changes in the business, focusing the strategy and concentrating on key customers who recognise the uniqueness of the Byotrol technology, whilst strengthening the management team. Highlights of the year include:

- Negotiating new partnerships with major product supply and service companies, including Rentokil Initial plc in the UK, to create long term growth opportunities
- Successful integration of our Petcare acquisition, Byofresh
- Continued investment in the Byotrol technology, supported by the NWDA grant that was awarded in April 2010
- The centralisation of the company at Daresbury, bringing the sales and marketing together with the technical operation
- A successful fund raising in 2010
- Reduction in annual overhead costs on an ongoing basis of about £475,000

Byotrol Consumer Products, our joint venture, has also made significant progress. This includes:

- New distribution agreements with Robert McBride, Mayborn and PZ Cussons. All three companies have commenced sales of products containing Byotrol, the first two in the UK and the third in West Africa
- A significant extension of our major development agreement with a US Fortune 150 company. This has the potential to be a landmark deal for the business, and success would bring Byotrol to consumers in a number of markets globally

- Byotrol products now available on the shelves of high profile UK retail outlets including Tesco and Boots stores

People

There were two changes to the Board during the year. Iain Duncan Smith stood down from the Board in May 2010, as his appointment to the Cabinet of the new Government required him to relinquish other business responsibilities. In November 2010, David McRobbie, one of the founders of the business, left the Company. I would like to thank both David and Iain for their contributions to the Group.

On behalf of the Board, I would also like to record our sincere thanks to all the Byotrol team for their efforts during the past year. We are proud of the significant progress they have achieved, despite the challenging external conditions.

Current trading outlook

The Group continues to strengthen under the leadership of Gary Millar. Whilst progress has been slower than planned, a number of new propositions bring the prospect of a significant increase in sustainable revenue and cash generation in the coming year. The timing and quantum of these opportunities will impact the Group's cash requirements, which are continually monitored by the Board. The current growth outlook remains positive, despite the continuing global economic uncertainty.

Ralph Kugler
Chairman

Chief Executive's report

This is my first report as CEO of Byotrol plc, having been appointed in April 2010. The period under review demonstrates a year of real progress as we seek to transform our business into a profitable and cash generative enterprise. We have achieved several key operational milestones against a challenging market environment and there is a transformational sense about the business. Consequently I would like to start by thanking the Byotrol team who have worked tirelessly throughout the year to help bring about the changes necessary in order to achieve these objectives.

Overview

Product sales for the year were £1,897,899, and include an important increase in repeatable end-user demand. The development of sustainable sales growth is a priority towards our goal of achieving break even and positive cash generation at the earliest opportunity.

On a like for like basis, underlying revenues grew by an encouraging 27%, excluding the one-off swine flu effect in the previous year. In addition we had the first full year benefit of sales from our acquired Petcare business, Byofresh. Both of these income streams

represent a more predictable and stable demand that is central to achieving our overall goals.

Margins achieved during the year were 35.9%. Throughout the year we have maintained a close focus on expenses including achieving a targeted annual reduction in overheads of c. £475,000.

We have changed our strategic direction on Healthcare to move away from an exclusive arrangement with one partner, in order to open up new opportunities more rapidly. This resulted in reduced licence and royalty income of £33,314 compared to last year (2010:£525,797). As a result, and despite good overhead control, the effect of lower overall volumes, the reduction in Healthcare royalties (caused by the non payment by Synergy Health of a contractual royalty payment of £200,000) and some one-off costs (comprising restructuring costs of £110,875 and an increased share scheme charge of £100,000 relating to the acquisition of Byofresh) led to increased losses of £2,757,638. Without the effect of these items, totalling £410,875, the loss would have been £2,346,763.

I am nonetheless pleased to report real and continued progress in each of our core market sectors towards the goal of Byotrol being the leading global ingredient brand for microbial control. The past year has produced a series of highlights that underpin this ambition. These are detailed in the sector review below.

During the course of this first year I have also made a number of operational changes in order to enhance our overall effectiveness. These include augmenting our sales and marketing capability, the development of new relationships with larger scale distribution partners, achievement of external verification of Byotrol's unique competitive advantage, and articulation of this into a compelling business case for change. We have also restructured our USA operations and extended into other territories, including Africa. Due to continued tight focus on cost control, this has largely been achieved whilst maintaining current headcount. We have expanded our technical capability with the benefit of a substantial £443,000 grant over a 3 year period and have been able to further invest in technology and IP protection – the lifeblood of our business.

Core market sector review

Food and Beverage supply chain

During the course of the year we have achieved two strategic objectives: the unequivocal, evidence-based, demonstration of Byotrol's unique competitive advantage, and a marked improvement in the management of our channels to market.

Extensive comparative testing, both in-use and in independent laboratories, has now shown that Byotrol products offer a demonstrable performance improvement over current competing products in both consumer and business markets. Ground breaking work with two leading testing organisations, Campden BRI and BluTest laboratories, has reinforced Byotrol's innovative residual performance against a broad range of organisms outperforming the market leaders in both sectors. Based on this very

important advantage, we have sharpened our demand management strategy for the Food and Beverage sector.

Consequently, our strategy of working in partnership with those companies that recognize these unique qualities of Byotrol, and are capable of delivering them on a national scale, has led to a refocusing on partnerships with large-scale businesses. In particular, I am pleased that our growing relationships with expert product supply and service providers, including Rentokil Initial plc, has started to demonstrate the potential of Byotrol technology in the form of sustained and repeatable revenue. This deploys our resources in the most effective and focussed way, dovetails well with our high growth and licensing strategy; the results of which we anticipate seeing in the coming year.

In support of this we have significantly increased our marketing communications activities. A new clear, third party endorsed, campaign - *Better, Faster, Kinder, Safer* - presents the in-use benefits of Byotrol in a highly favourable comparison to competing technologies. This has created a marketing platform that drives a compelling business case for change.

In the broader beverage market sector, in particular the water cooler segment, Byotrol's unique technology brings demonstrable benefits in replacing existing harsh chemicals. We are working with the leading supplier to this industry to provide safer alternative hygiene products and new materials for this growing opportunity.

Consumer Products

I am delighted by the progress made this year in our consumer products business joint venture, Byotrol Consumer Products Limited (BCP). Our strategy of creating Byotrol as the "*Intel of Hygiene*" by partnering on a co-branded basis with some of the world's largest companies and best known brands is bearing fruit. During the year BCP entered into a number of major new agreements which have resulted in the successful launch of Byotrol branded products in the UK, USA and sub-Saharan Africa.

The Mayborn Group successfully launched a range of Byotrol co-branded baby care products alongside their market leading Tommee Tippee brand, using a *Closer to Nature* marketing initiative. This highlights the extraordinarily ***gentle*** characteristics of Byotrol technology, whilst emphasising Byotrol's leading antimicrobial credentials in the most sensitive of uses. This product offers a real alternative to chlorine-based products, with the attendant ecological advantages.

P Z Cussons successfully launched a "3 in 1" all purpose cleaner containing Byotrol in sub Saharan Africa, co-branded with their market leading 'Morning Fresh' brand, emphasising the versatile use of Byotrol's ***powerful*** disinfectant properties in the most challenging of environments.

Following our announcement that BCP had entered into a supply agreement with Robert McBride Limited, the market-leading supplier of private label products to supermarkets, Tesco successfully launched a co-branded 24 hour germ protection,

antibacterial trigger spray in the UK and Ireland, based on Byotrol's independently verified *long lasting* capability.

It was particularly pleasing to see that Boots, having already successfully launched a co-branded hand mousse containing Byotrol, have now extended their range, by incorporating Byotrol into a new co-branded foot care product range.

During the year, the 6 month standstill agreement signed with a global Fortune 150 multinational for \$250,000 in December 2009 was extended for a further 3 months with an additional \$125,000 consideration paid. This significant collaboration underpins our growing reputation as a force in the consumer sector. Following the end of the reporting period there was further excellent progress with this organisation reflected by a significant joint research project agreement, with consideration to be paid to BCP of up to \$1,000,000 to fund a major development programme in the EU and the USA.

We are highly excited by the commitments made, and the potential being crystallised for Byotrol in branded consumer markets.

During the course of the year we also achieved the successful integration of our Petcare business *Byofresh*. This sector now enjoys the benefits of economies through our company wide supply chain and back office support as well as the retail marketing expertise of our consumer products joint venture partner.

Healthcare

There is an important opportunity in this sector, particularly in the UK where an austere spending environment and increased concerns about hospital-acquired infections aligns directly with the core *long lasting* and *powerful* disinfecting benefits of Byotrol. I am delighted that Byotrol was the winner of the NHS *Smart Solutions* awards for its use as a whole room disinfectant in the control of hospital acquired infections.

During the course of the year we decided to pursue a different strategy, when our licensed partner Synergy Health plc elected not to exercise an option to purchase further territorial exclusivity. At the end of the reporting period, we mutually agreed to end the exclusive arrangement with Synergy Health plc. Both parties will continue to collaborate on a non-exclusive basis.

As a result, Byotrol is now well positioned to develop additional routes to market in the Healthcare sector, both in the UK and internationally, and to start to gain real traction in healthcare sales.

Agriculture and Leisure

Agriculture sales development continues to show steady UK growth augmented by market entry and exciting potential in both South Africa and the USA.

In the Leisure sector, Byotrol's powerful characteristics are being trialled by a global cruise line operator as a more effective alternative to alcohol-based remedies against the Norovirus risk. Initial results are extremely encouraging.

People and infrastructure

Reflecting Byotrol's ongoing transformation from a start up biotech business to an international technology company, we have taken the decision to relocate our sales and administration functions to the Daresbury Science and Innovation Campus, where our research and development laboratories are already located. This will result in a number of efficiencies, as well as increased networking opportunities for our sales and technical teams. Our UK manufacturing continues, under licence, in central Manchester.

During the year, my predecessor as CEO, David McRobbie, returned to head up our USA operations. David has since left Byotrol, and we have taken this opportunity to restructure the US activities. I want to thank David for his work with the Company, and to wish him well for the future.

Finally I would like to reiterate my thanks to the entire Byotrol staff for their hard work this year. We have a formidable product with very great potential. Despite the challenges we have faced in transforming our business, there is a real sense of excitement that the potential of Byotrol is now beginning to be realised, and I am confident that we have the team in place to continue to deliver success.

The significant changes to our business in the past year have created a strong platform for accelerated growth, and to achieve our goal of reaching positive cash generation at the earliest opportunity.

Gary Millar
Chief Executive

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 March 2011

	Note	2011 £	2010 £
REVENUE	1	1,931,213	3,145,157
Cost of sales		(1,238,067)	(1,527,263)
GROSS PROFIT		693,146	1,617,894
Administrative expenses excluding depreciation and amortisation		(2,858,205)	(2,926,581)
Share based payments		(334,028)	(298,993)
Share of joint venture loss before tax		(177,565)	(162,156)
LOSS BEFORE INTEREST, DEPRECIATION, AMORTISATION AND TAX		(2,676,652)	(1,769,836)
Amortisation		(47,423)	(18,659)
Depreciation		(46,105)	(40,026)
Finance income		3,685	3,217
Finance costs		(823)	(102)
LOSS BEFORE TAX CREDIT		(2,767,318)	(1,825,406)
Income tax credit	2	9,680	-
LOSS FOR THE FINANCIAL YEAR		(2,757,638)	(1,825,406)
OTHER COMPREHENSIVE INCOME, NET OF TAX			
Currency translation difference		(25,250)	(19,726)
Other comprehensive income		(25,250)	(19,726)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		(2,782,888)	(1,845,132)
Basic and fully diluted loss per share – pence	3	(2.77)	(2.18)

The loss before income tax credit arises from the Group's continuing operations.

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2011

	2011 £	2010 £
ASSETS		
Non-current assets		
Property, plant and equipment	149,307	159,519
Intangible assets	425,455	354,495
	<u>574,762</u>	<u>514,014</u>
Current assets		
Inventories	565,365	682,418
Trade and other receivables	1,916,817	1,597,882
Cash and cash equivalents	1,273,997	766,215
	<u>3,756,179</u>	<u>3,046,515</u>
TOTAL ASSETS	<u><u>4,330,941</u></u>	<u><u>3,560,529</u></u>
LIABILITIES		
Current liabilities		
Trade and other payables	521,207	1,135,703
Obligations under finance leases	8,190	-
Joint venture	205,404	115,199
	<u>734,801</u>	<u>1,250,902</u>
Equity		
Share capital	276,957	210,290
Share premium account	15,959,603	12,290,897
Merger reserve	1,064,712	1,064,712
Retained deficit	(13,705,132)	(11,256,272)
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	<u>3,596,140</u>	<u>2,309,627</u>
TOTAL EQUITY AND LIABILITIES	<u><u>4,330,941</u></u>	<u><u>3,560,529</u></u>

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 March 2011

	Share Capital £	Share Premium Account £	Merger Reserve £	Retained Deficit £	Total £
At 1 April 2009	209,290	12,163,897	1,064,712	(9,710,133)	3,727,766
Issue of shares	1,000	127,000	-	-	128,000
Loss for the year	-	-	-	(1,825,406)	(1,825,406)
Other comprehensive income, net of tax:-					
Currency translation difference	-	-	-	(19,726)	(19,726)
Total comprehensive loss for the year	-	-	-	(1,845,132)	(1,845,132)
Share based payments	-	-	-	298,993	298,993
At 31 March 2010	210,290	12,290,897	1,064,712	(11,256,272)	2,309,627
Issue of shares	66,667	3,933,333	-	-	4,000,000
Placing costs	-	(264,627)	-	-	(264,627)
Loss for the year	-	-	-	(2,757,638)	(2,757,638)
Other comprehensive income, net of tax:-					
Currency translation difference	-	-	-	(25,250)	(25,250)
Total comprehensive loss for the year	-	-	-	(2,782,888)	(2,782,888)
Share based payments	-	-	-	334,028	334,028
At 31 March 2011	276,957	15,959,603	1,064,712	(13,705,132)	3,596,140

UNAUDITED CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 March 2011

	2011 £	2010 £
CASH FLOW FROM OPERATING ACTIVITIES		
Loss for the year before tax	(2,767,318)	(1,825,406)
Adjustments for:		
Share based payments	334,028	298,993
Depreciation	46,105	40,026
Amortisation	47,423	18,659
Profit on disposal of property, plant and equipment	(2,886)	(4,037)
Finance income	(3,685)	(3,217)
Finance costs	823	102
Exchange gain or loss	(24,576)	(13,673)
Share of loss from joint venture	177,565	162,156
Increase in joint venture account	(87,360)	(147,864)
Changes in working capital		
Decrease / (increase) in inventories	117,053	(375,938)
Increase in trade and other receivables	(318,935)	(595,277)
(Decrease) / increase in trade and other payables	(606,306)	735,019
CASH USED IN OPERATING ACTIVITIES	(3,088,069)	(1,710,457)
Income taxes credit received	9,680	-
NET CASH USED IN OPERATING ACTIVITIES	(3,078,389)	(1,710,457)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments to acquire property, plant and equipment	(118,383)	(118,664)
Proceeds from sale of property, plant and equipment	4,250	17,347
Payments to acquire intangible assets	(37,257)	(98,071)
Acquisition of trade and assets, net of cash acquired	-	(184,911)
Finance income	3,685	3,217
NET CASH USED IN INVESTING ACTIVITIES	(147,705)	(381,082)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds on issue of ordinary shares	4,000,000	-
Share issue costs	(264,627)	-
Interest paid	(823)	(102)
NET CASH INFLOW/(OUTFLOW) FROM FINANCING	3,734,550	(102)
Net increase / (decrease) in cash and cash equivalents	508,456	(2,091,641)
Cash & cash equivalents at the beginning of the financial year	766,215	2,863,909
Effect of foreign exchange rate changes	(674)	(6,053)
Cash & cash equivalents at the end of the financial year	1,273,997	766,215

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2010

1. SEGMENTAL INFORMATION

The Group has three reportable segments; being product sales, licence fees and royalties. This disclosure correlates with the information which is presented to the Group's Chief Decision Maker, the Board. 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.

Business segments 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	(2,803,494)	26,548	6,766	(2,770,180)
Investment income	3,685	-	-	3,685
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	<u>4,330,941</u>	-	-	<u>4,330,941</u>
Total assets	<u>4,330,941</u>	-	-	<u>4,330,941</u>
LIABILITIES				
Segment liabilities	<u>734,801</u>	-	-	<u>734,801</u>
Net assets	<u>3,596,140</u>	-	-	<u>3,596,140</u>

1 SEGMENTAL INFORMATION (continued)

Business segments Year ended 31 March 2010	<i>Continuing operations</i>			Total £
	Product sales £	Licence fees £	Royalties £	
REVENUE				
External revenue	2,619,360	502,113	23,684	3,145,157
Total revenue	<u>2,619,360</u>	<u>502,113</u>	<u>23,684</u>	<u>3,145,157</u>
RESULT				
Segment result	(2,354,318)	502,113	23,684	(1,828,521)
Investment income	3,217	-	-	3,217
Finance costs	(102)	-	-	(102)
Loss before tax	<u>(2,351,203)</u>	<u>502,113</u>	<u>23,684</u>	<u>(1,825,406)</u>
OTHER INFORMATION				
Capital additions	414,093	-	-	414,093
Depreciation and amortisation	58,685	-	-	58,685
ASSETS				
Segment assets	3,540,884	-	19,645	3,560,529
Total assets	<u>3,540,884</u>	<u>-</u>	<u>19,645</u>	<u>3,560,529</u>
LIABILITIES				
Segment liabilities	1,250,902	-	-	1,250,902
Net assets	<u>2,289,982</u>	<u>-</u>	<u>19,645</u>	<u>2,309,627</u>

1 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.

Geographical segments	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	<u>3,887,876</u>	<u>443,065</u>	<u>-</u>	<u>4,330,941</u>
	United Kingdom £	North America £	Rest of the World £	Total £
Year ended 31 March 2010				
External revenue	1,980,247	213,256	951,654	3,145,157
Segment assets	<u>3,321,640</u>	<u>238,889</u>	<u>-</u>	<u>3,560,529</u>

The group generated total revenues, which comprise both in 2011 and 2010 UK product sales from its largest customer of £440,880 (2010: £795,755).

2. TAXATION ON ORDINARY ACTIVITIES

There is no tax charge as the Group has made losses in both the current and the previous year. The tax credit relates to research and development expenditure. At 31 March 2011 the Group had an unrecognised deferred tax asset relating to unutilised trading losses and other temporary differences of £3,223,641 (2010: £2,564,873).

3. LOSS PER SHARE

	2011 £	2010 £
Loss on ordinary activities after taxation	<u>(2,757,638)</u>	<u>(1,825,406)</u>
Weighted average number of shares (No)		
For basic and fully diluted loss per ordinary share	<u>99,604,998</u>	<u>83,777,781</u>
Loss per ordinary share – basic and fully diluted	<u>(2.77)p</u>	<u>(2.18)p</u>

The weighted average number of shares and the loss for the year for the purposes of

calculating the fully diluted earnings per share are the same as for the basic loss per share calculation. This is because the outstanding share options and warrants would have the effect of reducing the loss per ordinary share and would, therefore, not be dilutive under the terms of IAS 33.

4. BASIS OF THE ANNOUNCEMENT

The unaudited preliminary results for the year ended 31 March 2011 were approved by the Board of Directors on 20 June 2011. The preliminary results do not constitute full accounts within the meaning of section 434 of the Companies Act 2006 but are derived from accounts for the year ended 31 March 2011 and year ended 31 March 2010.

Statutory accounts for the financial year ended 31 March 2010 have been filed with the Registrar of Companies. The auditors have reported on those accounts; their report was unqualified, and did not contain statements under section 498(2) or (3) of the Companies Act 2006 but did draw attention to matters by way of emphasis without qualifying their report.

While the financial information included in this preliminary announcement has been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards, as adopted by the European Union (EU) (IFRS), this announcement does not in itself contain sufficient information to comply with IFRS.

Byotrol plc is a company incorporated and domiciled in the United Kingdom. The consolidated financial information of Byotrol plc set out in this announcement is presented in Pounds Sterling (£), which is also the functional currency of the parent.

The statutory accounts for the financial year ended 31 March 2011 will be delivered to the Registrar of Companies following the Company's Annual General Meeting. The audit of the statutory accounts for the year ended 31 March 2011 is not yet complete, but the auditors expect to provide an unqualified opinion but drawing attention to matters by way of emphasis to going concern for the reasons more fully set out below.

Going concern

Byotrol plc has prepared accounts on a going concern basis, which assumes the Group will continue in operational existence for the foreseeable future. The group's ability to meet its future funding and working capital requirements, and therefore continue as a going concern, is dependent upon being able to generate sustainable revenues and free cash flow. The directors have prepared projected cash flow information for the period ending 12 months from the date of approval of these financial statements. The projections take into account the new business opportunities highlighted in the Chairman's and Chief Executive's Statements, the timing and quantum of which will affect the Group's cash requirements, which are continually monitored by the Board.

On the basis of these projections, the directors have identified the requirement to obtain further working capital facilities and negotiations are being undertaken with interested parties. Current indications are that these will come to a satisfactory conclusion. Agreement of facilities would, based upon projections prepared by the group, enable it to continue to meet its debts as they fall due for at least the next 12 months. Should some of these new business opportunities not materialise or facilities not be secured, the Board will put into place cost reduction plans and other actions to enable the group to meet its debts as they fall due. As at the date of these accounts, however, there remains some uncertainty over the timing and completion of these matters.

Should adequate facilities not be secured or trading activities not meet anticipated targets, then the group may be unable to realise its assets and discharge its liabilities in the normal course of business. Whilst there is a material uncertainty in relation to the timing and completion of the above matters, the directors are continuing their negotiations with various parties and, based on indications so far, anticipate a positive outcome and consider that it is appropriate that the accounts be prepared on a going concern basis.

5. REPORT AND FINANCIAL INFORMATION

Copies of the financial statements for the Group for the year ended 31 March 2011 will be available from the Company's registered office and will be posted to shareholders and on the Company's website in due course.