

**Byotrol plc**  
**11 December 2006**

**Byotrol plc**  
**(the ‘Company’)**

*Byotrol™ is a patented anti microbial technology which has been shown to be both versatile and highly effective. Byotrol™ has been extensively tested in a number of applications and has been shown to safely control or eradicate the threats caused by micro-organisms, such as MRSA, e-coli and c-difficile. Byotrol™ is now being actively marketed in both Europe and North America.*

**Unaudited interim results for the six months ending**  
**30 September 2006**

**HIGHLIGHTS**

- EPA registration of Byotrol Polysphere for use in a large number of target markets in the USA
- CE mark registration in the EU for the medical use of Byotrol in hospitals and clinics
- Successful completion of a 6 month NHS study against MRSA at the Glasgow Royal Infirmary
- Granted a Chinese patent
- Successfully raised £5m gross (£4.6m net) of capital through a share placing
- Signed a major licensing and distribution agreement with Synergy Healthcare plc.

**Enquiries**

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## **CHAIRMAN'S STATEMENT**

The six month period has seen continuing satisfactory progress by the Company that was either in line with or in advance of our planned development for Byotrol. It is the Board's strategy to make Byotrol a globally trusted brand in the fields of microbial control. To this end we are highly focussed on ensuring that our technology is appropriately tested, evaluated, accredited and certificated in our target markets throughout the world.

Some major achievements were recorded during the period that will all help to ensure that Byotrol gains the rapid and high level of acceptance and use in the Company's target markets of Healthcare, Food Processing and Industrial & Technical. At the same time steady progress was made with the company's sales plan. Highlights of the period include:

- EPA registration of Byotrol Polysphere for use in a large number of target markets in the USA
- CE mark registration in the EU for the medical use of Byotrol in hospitals and clinics
- Successful completion of a 6 month NHS study against MRSA at Glasgow Royal Infirmary
- Grant of a Chinese patent

Against the background of substantial regulatory and market progress during the period, the Company has capitalised on such progress with significant actions announced since the end of period:

- Successfully raised a further £5m gross (£4.6m net) of capital through a share placing
- Signed a major licensing and distribution agreement with Synergy Healthcare plc.
- Granted a Singapore patent

### **Financial results for the period**

During the period, as anticipated, the company continued to use the resources provided by the float in July 2005 and recorded a loss of £910,820. Sales for the period were £116,814 compared with £47,409 for the nine months ended 30 September 2005. The balance sheet shows a net worth of £154,802 at the period end. The end of period balance sheet does not reflect the recent equity fundraising completed in November 2006.

### **Healthcare**

During the period two events of major significance occurred in the Healthcare market. Firstly we completed a highly successful trial in an NHS hospital. Secondly we gained an ISO approval of our systems that gave the company the capability of CE marking its medical disinfectant materials.

The NHS trial was supervised by Professor Curtis Gemmell, a highly respected expert in the field of Methicillin Resistant Staphylococcus Aureus ("MRSA") infection. He subsequently presented a paper on the trial at an international infection control conference which showed reductions of over 50% in MRSA in a hospital ward when

compared with a traditional disinfection regime. These results were more remarkable when it is taken into account that only a small fraction of the wards surfaces were treated with Byotrol and only once per day. The Board is very encouraged by this success which, in combination with the safe and easy use of Byotrol in a working ward environment with no need for capital outlay or special training, puts the company in a potentially advantageous position.

Subsequent to the period end a significant licensing deal was signed with a major UK healthcare group Synergy Healthcare plc. This will quickly put Byotrol technology within reach of key customers in the NHS and clinical fields and is fully consistent with our strategy for Byotrol as an active ingredient brand. It is our intention to partner with major players in our target markets to enable us to position Byotrol in the market place more quickly than would happen if we were to develop our own sales force.

### **Food processing**

Food production is an area of significant opportunity for Byotrol where the technology's combination of efficacy, safety, ease of use and durability provide prospective customers with attractive benefits.

Several high profile and well publicised incidents and "food scares" have highlighted further to an already alert market the risks of contamination and the benefits of high performance sanitisation products.

The Company has been planning and undertaking numerous trials and initial installations at key prospects within the food industry in both the UK and the USA. EPA approval has made it possible to commence early stage supply for trials to a number of important food processors in the USA and the Board is greatly encouraged by the initial outcomes.

### **Technical and industrial markets**

Control of microbes is not solely concerned with health, safety and healthcare issues. There are many areas, where it is necessary to control microbes to prevent damage, deterioration and spoilage, which need a technology such as Byotrol. The strategy of the company in these areas is to engage with partners in these fields who are expert in or burdened by microbial problems. These range from the safe maintenance of sports equipment where progress continues with our Caddy Care range for golfers and in the USA where Contec Inc continue to serve the niche of gymnasium equipment to the sanitization to municipal control of algae and slime on signage and street furniture.

Ongoing negotiations with several large global companies to provide Byotrol products to industry and the public, whilst at an initial stage, are progressing satisfactorily. The Board is very mindful of the need to forge the best possible long term partnerships in these fields as opposed to accepting the first available opportunities.

### **Other products**

The UK's largest pet retailer Pets At Home launched a range of dog grooming products in July that was well received by their customers and is available at approximately 160 stores throughout the UK. This was a result of cooperation between Byotrol and Byofresh Limited who developed and tested this particular

family of products. The expanding range of pet care materials incorporating Byotrol was exhibited at the GLEE exhibition in Birmingham, and there was a strong level of interest both nationally and internationally. At the same exhibition, the “Stay Clean” brand was launched by Viksol, for both garden and home use and received an excellent reception and substantial enquiries.

### **Regulatory and intellectual property**

In July the company achieved EPA registration in the USA, and CE mark approval in Europe. Byotrol’s technology uses biocides that are all well placed to be fully compliant with pending EU regulations (the Biocidal Products Directive “BPD”). The regulatory climate is undergoing significant change which has a number of advantages to the Company as it forces a review of products by virtually all significant users in the European Union.

The company received notice that its technology had received a granted patent in China, an important market for Byotrol but in particular for potential future partners of the Company.

The Company has filed a patent for the use of Byotrol as a tissue preservative where it is a safe alternative to formaldehyde for several niche uses and recently began sales in trial volumes.

### **Staffing**

During the period the management and staff have worked tirelessly and diligently to achieve our milestones and goals. New people have joined and quickly become valued members of the team. I would like to express my personal thanks to all of them for the hard work and dedication they have shown.

### **Current trading and outlook**

The Board has been very encouraged by the events of the last six months. A number of significant opportunities and related markets have become accessible to the Company either sooner or in a more significant manner than had been forecast. This combination of beneficial events was the catalyst for the successful fundraising in November 2006 and the signing of a significant licensing deal with Synergy for certain healthcare markets in the same month.

It is the policy of the Board to remain cautious and conservative in its plans for revenues, but also to aggressively pursue early penetration of all targeted markets through strong partnerships, excellent scientific data, and strong brand and company values.

The Board is confident that shareholders will see a continued strengthening of the Company, its business and brand.

Wesley Devoto OBE  
Chairman, 11 December 2006

# Byotrol PLC

## UNAUDITED CONSOLIDATED PROFIT AND LOSS ACCOUNT for the period ended 30 September 2006

	6 Mths 30-Sep-06 £	9 Mths 30-Sep-05 £	15 Mths 31-Mar-06 £
<b>Group turnover</b>	116,814	47,409	90,014
Cost of Sales	(66,798)	(26,132)	(47,902)
	<hr/>	<hr/>	<hr/>
<b>Gross Profit</b>	50,016	21,277	42,112
Administrative expenses	(978,531)	(498,763)	(1,424,793)
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<b>Operating loss</b>	(928,515)	(477,486)	(1,382,681)
Net interest receivable	17,558	14,011	50,215
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<b>Loss on ordinary activities before taxation</b>	(910,957)	(463,475)	(1,332,466)
Taxation	-	-	-
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<b>Loss on ordinary activities after taxation</b>	(910,957)	(463,475)	(1,332,466)
Minority interest	137	667	1,490
	<hr/>	<hr/>	<hr/>
<b>Loss on ordinary activities after minority interest</b>	(910,820)	(462,808)	(1,330,976)
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<b>Retained loss for the period</b>	(910,820)	(462,808)	(1,330,976)
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<b>Loss per share</b>			
Basic per share (pence)	(2.61)	(3.05)	(5.76)
Diluted per share (pence)	(2.61)	(3.05)	(5.76)
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The loss for the period arises from the group's continuing operations

# Byotrol PLC

## UNAUDITED CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

for the period ended 30 September 2006

	6 Mths 30-Sep-06 £	9 Mths 30-Sep-05 £	15 Mths 31-Mar-06 £
<b>Loss for the financial period</b>	(910,820)	(462,808)	(1,330,976)
Currency translation differences on foreign currency net investments	21,923	(37,822)	(42,184)
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Total recognised gains and losses relating to the period	(888,897)	(500,630)	(1,373,160)
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# Byotrol PLC

## UNAUDITED CONSOLIDATED BALANCE SHEET

as at 30 September 2006

	30 September 2006	30 September 2005	31 March 2006
	£	£	£
<b>FIXED ASSETS</b>			
Intangible assets	9,333	9,833	9,583
Tangible assets	59,017	45,671	50,645
Investments	5,000	5,425	5,000
	<u>73,350</u>	<u>60,929</u>	<u>65,228</u>
<b>CURRENT ASSETS</b>			
Stock	40,194	48,256	21,180
Debtors	227,371	119,901	118,177
Cash at bank and in hand	256,825	2,187,541	1,213,053
	<u>524,390</u>	<u>2,355,698</u>	<u>1,352,410</u>
<b>CREDITORS: Amounts falling due within one year</b>	<u>(442,938)</u>	<u>(502,310)</u>	<u>(373,801)</u>
<b>NET CURRENT ASSETS</b>	<u>81,452</u>	<u>1,853,388</u>	<u>978,609</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<u>154,802</u>	<u>1,914,317</u>	<u>1,043,837</u>
<b>CREDITORS: Amounts falling due after one year</b>	-	-	-
	<u>154,802</u>	<u>1,914,317</u>	<u>1,043,837</u>
<b>CAPITAL AND RESERVES</b>			
Share capital	87,182	87,182	87,182
Share premium account	2,945,529	2,945,529	2,945,529
Merger reserve	1,064,712	1,064,712	1,064,712
Minority interest	1,246	(667)	1,383
Profit and loss account	(3,943,867)	(2,182,439)	(3,054,969)
	<u>154,802</u>	<u>1,914,317</u>	<u>1,043,837</u>
<b>EQUITY SHAREHOLDERS' FUNDS</b>	<u>154,802</u>	<u>1,914,317</u>	<u>1,043,837</u>

# Byotrol PLC

## UNAUDITED CONSOLIDATED CASH FLOW STATEMENT for the period ended 30 September 2006

	30 September 2006	30 September 2005	31 March 2006
	£	£	£
<b>Net cash outflow from operating activities</b>	(914,842)	(334,435)	(1,283,245)
<b>Returns on investments and servicing of finance</b>			
Interest received	17,743	17,566	53,198
Interest paid	(185)	(3,555)	(2,983)
Net cash inflow from returns on investments and servicing of finance	17,558	14,011	50,215
<b>Taxation</b>	-	-	-
<b>Capital expenditure</b>			
Purchase of tangible fixed assets	(19,944)	(45,509)	(54,691)
Net cash outflow for capital expenditure	(19,944)	(45,509)	(54,691)
Net cash outflow before use of liquid resources and financing	(917,228)	(365,933)	(1,287,721)
<b>Financing</b>			
Issue of ordinary share capital	-	3,119,360	3,119,360
Expenses of share issue	-	(533,875)	(533,875)
Repayment of other loans	-	(15,451)	(15,451)
Increase in directors' loans	-	24,537	24,537
Net cash inflow from financing	-	2,594,571	2,594,571
<b>(Decrease)/increase in cash</b>	(917,228)	2,228,638	1,306,850

**Byotrol plc**  
**Notes to the Interim Financial Statements**  
**for the period to 30 September 2006**

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1 This interim statement for the period to 30 September 2006 is unaudited and was approved by the Directors on 11 December 2006. The information set out does not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985.

2 Turnover

Turnover and loss before taxation were all derived from the Group's principal activities and arose principally in the following geographical markets:

	6 Mths 30-Sep-06 £	9 Mths 30-Sep-05 £	15 Mths 31-Mar-06 £
UK	43,700	19,012	34,906
North America	13,675	28,397	39,026
Rest of World	59,439	-	16,082
	116,814	47,409	90,014

The segmental analysis of turnover is:

	6 Mths 30-Sep-06 £	9 Mths 30-Sep-05 £	15 Mths 31-Mar-06 £
Health	53,096	-	934
Industrial	51,613	47,409	76,940
Food	12,105	-	12,140
	116,814	47,409	90,014

3 The interim financial information contained in this statement does not constitute statutory accounts as defined in section 240 of the Companies Act 1985. The principal accounting policies of the group are those which will be adopted in the financial statements for the year ending 31 March 2007, including the adoption of Financial Reporting Standard No 20 ('FRS20 – share based payments'). The accounts for the fifteen months ended 31 March 2006, upon which the auditors issued an unqualified opinion and which did not contain a statement under s237(2) or (3) Companies Act 1985, have been delivered to the Registrar of Companies.

4 Loss per ordinary share

The loss per ordinary share is based on the losses for the period of £910,820 (nine months ended 30 September 2005: £462,808 loss; fifteen months ended 31 March 2006 £1,330,976 loss) and the weighted average number of ordinary shares in issue during the period of 34,872,849 (nine months ended 30 September 2005: 15,206,662; fifteen months ended 31 March 2006: 23,090,464).

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 2006 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 under the terms of Financial Reporting Standard No 22.

**Byotrol plc**  
**Notes to the Interim Financial Statements**  
**for the period to 30 September 2006**

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 2007.

6 Cashflows

Reconciliation of Operating Loss to Net Cash Outflow from Operating Activities

	6 Mths 30-Sep-06 £	9 Mths 30-Sep-05 £	15 Mths 31-Mar-06 £
Operating loss	(928,515)	(477,486)	(1,382,681)
Depreciation	11,572	1,822	6,217
Amortisation of intangible assets	250	167	417
(Increase)/decrease in stock	(19,014)	(12,738)	14,338
(Increase)/decrease in debtors	(109,194)	(104,148)	(102,424)
Increase/(decrease) in creditors	108,137	296,008	223,072
Exchange gain or loss	21,922	(38,060)	(42,184)
Net cash outflow from operating activities	<u>(914,842)</u>	<u>(334,435)</u>	<u>(1,283,245)</u>

Reconciliation of net cash flow to movement in Net Debt

	6 Mths 30-Sep-06 £	9 Mths 30-Sep-05 £	15 Mths 31-Mar-06 £
Increase in cash in the period	(917,228)	2,228,638	1,306,850
Cash inflow from increase in debt	-	(9,086)	(9,086)
Change in net debt resulting from cash flows	<u>(917,228)</u>	<u>2,219,552</u>	<u>1,297,764</u>
Loans converted into shares	-	488,811	488,811
Movement in net cash/(debt) in the period	<u>(917,228)</u>	<u>2,708,363</u>	<u>1,786,575</u>
Net cash/(debt) at start of period	1,113,491	(673,084)	(673,084)
Net cash at end of period	<u>196,263</u>	<u>2,035,279</u>	<u>1,113,491</u>

	At 1 Apr 2006 £	Cash flow £	Non cash movement £	At 30 Sep 2006 £
Analysis of net debt				
Net cash:				
Cash at bank and in hand	1,213,053	(956,228)	-	256,825
Overdraft	-	-	-	-
	<u>1,213,053</u>	<u>(956,228)</u>	<u>-</u>	<u>256,825</u>
Debts falling due within 1 year	<u>(99,562)</u>	<u>39,000</u>	<u>-</u>	<u>(60,562)</u>
Net cash	<u>1,113,491</u>	<u>(917,228)</u>	<u>-</u>	<u>196,263</u>

**Byotrol plc**  
**Notes to the Interim Financial Statements**  
**for the period to 30 September 2006**

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7. Post Balance Sheet event

The Company raised £5m, £4.6m net of expenses, by a share placing in November 2006 of 8,340,000 ordinary shares at 60p each.

8. The interim report was issued to the Stock Exchange and the press on 11 December 2006 and will be posted to shareholders. Further copies of the interim report are available at the Company's Registered Office and a copy will be posted on the Company's website.

# **Independent Review Report to Byotrol plc**

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## **Introduction**

We have been instructed by the company to review the financial information for the six months ended 30 September 2006, which comprises the Consolidated Profit and Loss Account, Consolidated Statement of Total Recognised Gains and Losses, Consolidated Balance Sheet, Consolidated Cash Flow Statement and the related notes, and we have read the other information in the interim statement and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This report, including the conclusion, has been prepared for and only for the company for the purpose of their interim statement 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 Statement, including the financial information contained therein, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the Interim Statement in accordance with the AIM Rules which require that the accounting policies and presentation applied to the interim figures must be consistent with those that will be adopted in the company's annual accounts.

## **Review work performed**

We conducted our review in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board as if that Bulletin applied. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data and based thereon assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with Auditing Standards and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the financial information.

## **Review conclusion**

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 September 2006.

BAKER TILLY  
Chartered Accountants  
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11 December 2006