25 November 2014

Byotrol plc

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

Byotrol plc ('Byotrol', the 'Group' or the 'Company'), the leading AIM listed anti-microbial hygiene company, is pleased to present its unaudited Interim results for the six months ended 30 September 2014.

Highlights

- Strong improvement in underlying trading:
  - Turnover of £1,555k (2013: £1,712k). Excluding the substantial (and previously disclosed) one-off payment from a US licensee in 2013, underlying turnover has increased by over 20%
  - Administrative costs reduced by 34% to £729k (2013: £1,101k)
  - EBITDA loss reduced by 34% to £263k (2013: £393k). Excluding the one-off payment referred to above and share option charges, underlying EBITDA loss has been reduced by over 60%
  - Much strengthened balance sheet, boosted by a placing that raised £1.16m (net of expenses) in July 2014

- Next generation technology developed, with patent now granted:
  - New formulation, particularly applicable to consumer markets
  - Superior performance claims to current formulations
  - Complies with forthcoming European biocide and labelling regulations
  - Marketing programme now launched in European Union countries

- Approval process formally started with Environmental Protection Agency in the US for regulatory-approved access to the US domestic consumer markets

- As announced separately, Dr Trevor Francis has joined the Board as Chief Technology Officer, previously Global Vice President of Unilever's Homecare R&D team

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

"We have made good progress this half-year on several fronts. Underlying sales are up, costs are substantially down and we have now positioned our technologies for the diverging regulatory environments in the US domestic market and the EU market.

We are delighted that Dr Trevor Francis has agreed to join the Board. We will benefit greatly from his technical expertise and network of contacts."

Enquiries:

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Notes to Editors:

Byotrol plc (BYOT.L), quoted on AIM, is a leading anti-microbial technology company, operating globally in the Food, Industrial, Healthcare and Consumer sectors, providing low toxicity products 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 ingredients within existing products, where 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 develops technologies that create easier, safer and cleaner lives for everyone.

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

Chief Executive's Report

In the last six months we have been largely successful in hitting our targets, namely: increase underlying sales, reduce costs, develop better products, improve the balance sheet and make the business more efficient.

We have also been investing carefully to position ourselves for forthcoming regulatory and labelling changes in global chemical and consumer markets. We now have separate technologies for the various geographical regulatory regimes, where the US and Europe in particular have diverging requirements. This has been helped by working in development alliances with other chemical companies and has already resulted in one UK patent grant (with PCT patents pending) for a totally new Byotrol formulation platform, with superior claims potential for European consumer markets.

In general we are pleased with progress so far and see good momentum towards taking the Company to profitability.

Financial Overview

Headline numbers for the period are as follows:

- EBITDA loss has reduced by 34% to £263k (2013: £393k) on slightly reduced turnover of £1,555k (2013: £1,712k)

Underlying these numbers is a marked improvement in trading. Excluding (a) the previously disclosed one-off licence payment in H1 2013 and (b) share option charges:

- Underlying EBITDA loss has reduced by over 60% to £226k on an increase in turnover (of over 20%) to £1,555k
- Underlying gross profit has remained broadly flat at £502k

Administrative costs have been reduced by 34% to £729k (2013: £1,101k). The rationalisation programme introduced in October 2013, following the acquisition of the remaining 50% of Byotrol Consumer Products Ltd, has now been completed.

Markets

Professional

Our Professional segment has performed strongly. Sales have increased to £939k (2013: £767k) and gross profit has increased to £244k (2013: £230k).

In food and beverage, our business servicing food manufacturing and processing companies has performed particularly well, including good growth at our core customers Cranswick plc and Bakkavor plc. As part of our approach to comply with new EU labelling rules on biocides we have launched a rebalanced formulation of Byotrol aimed at the Professional mass market – the initial response has been positive.

Our M&S relationship remains strong, with Byotrol now adopted in 560 stores and franchises.

In business services we continue to grow steadily in sales and gross profit across a broad range of smaller companies and distributors.

We maintain a good relationship with Rentokil Initial plc and we continue to support their Ultraprotect range of hand hygiene products. However sales have been too low to justify the breadth and exclusivity provisions of the agreement signed in 2011; so we have now mutually agreed to replace that agreement and work on a new, more focused business relationship. These discussions are ongoing.

In healthcare, we continue to work through the lengthy processes involved in generating sales to the NHS and its suppliers. This includes formal trialling of our products in 5 hospitals with leading facilities services companies. Technical results to date are very good and we remain hopeful of substantial progress this financial year. We also now have early stage development discussions ongoing with established companies in woundcare and sporicidal products.

Petcare

Our pet and vet business has continued to perform well, with turnover increasing to £483k (2013: £334k) and gross profit increasing to £125k (2013: £100k).

Our business is still largely focussed on strong supply relationships with Pets at Home, the national pet speciality retailer, and Petface, a relatively new, but innovative and fast-growing pet brand.

We are particularly pleased to be expanding our product distribution into Central Europe and Australian chain stores – these new outlets accounted for 20% of Petcare turnover in the period.

We are reliant for much of our pet business on overseas suppliers, particularly in Asia. Unfortunately, since the half-year end we have been experiencing some quality issues with one of our suppliers. This has required some remedial action that may have an impact on pet margins in H2.

Consumer

Our Consumer segment traded behind plan in the period, with turnover and gross profit down significantly at £132k compared to the headline numbers for the comparable period H1 2013 (£611k). The comparable numbers however include the previously disclosed, substantial one-off payment received in the US.

It has become increasingly clear that geographically-diverging regulatory rules mean we will only make progress in Consumer if we can target different formulations to (a) EU consumers, requiring reformulations approved under the new EU regulatory rules and (b) US consumers, requiring formulations that will pass the US Environmental Protection Agency regulatory tests. I am pleased to report that we have made good progress in this re-targeting, including:

- New, improved, newly-patented and regulatory-compliant consumer formulations are now being marketed to potential partners in Europe. We continue to partner with Albaad in wipe formats and are now building marketing alliances in liquid formats. The sales cycle on these deals can be lengthy, but initial indications are very positive
- We are now in the middle of a formal review of our products by the US EPA. This has been a long-term target of the Company and now, using the funds and expertise from the earlier, now suspended, deal with Kimberly-Clark Corp. we are proceeding towards a conclusion before the end of this financial year. We cannot guarantee an approval, but if we do pass the tests, we will have a unique – and consumer-validated - product for the very sizeable US domestic market
- We have already agreed a small deal in the US domestic market with Oregon-based Advanced Hygienics to act as an agent for the new products. As part of that deal Advanced Hygienics is contributing to our EPA registration costs.

Based on progress so far, we remain very excited about the potential in consumer markets and continue to focus sales resource into this area.

Technology and Regulation

As a biocide-based, anti-microbial company, Byotrol operates in heavily-regulated markets, with rules varying by geography and market type. We are well-versed in the geographical differences and in the challenges and opportunities this presents (especially the barriers to new competition).

The regulatory regime in the European Union in particular is being significantly tightened, with the introduction of the EU Biocides Regulation (528/2012) and associated rules, creating a new and detailed process of product authorisation, labelling and monitoring.

We certainly support the principles behind the changes (ie making the world safer), but from our vantage point as an SME, the new authorisation process is bureaucratic, complex, expensive and prone to change. This has been creating resource and planning issues, as it has for our competitors.

This is an ongoing process that will require continued time and effort and we cannot be sure how customers and consumers will react to the huge number of labelling changes due to take place from June 2015. But we are confident of our position and see some excellent opportunities as lower-quality products fail to meet the new standards.

Board

I am pleased to announce a strengthening of our Board, with the addition of Dr Trevor Francis as an Executive Director and Chief Technology Officer. Dr Francis has been working as a consultant to the Company in various positions over the last six years, particularly in consumer product development and commercialisation and was responsible for developing the patented technology that has created a new platform for us. Prior to joining Byotrol, Dr Francis spent 29 years at Unilever where he became Vice President of the Global R&D Homecare division and Head of the European Fabric Conditioners & Global Fragrance divisions.

Outlook

We are very positive about the outlook for the Company. We have improved our financial performance substantially, re-positioned our products for diverging regulatory environments and taken big steps to launching in the US.

In parallel with the sales and marketing process, we continue to increase efficiencies within the business – rationalising the product portfolio, improving the supply chain, driving our margins and making changes accordingly.

There are still challenges to be faced but there are also many opportunities and with such a lean business we know that one new sizeable contract should propel us into profitability and more rapid growth. We are all working very hard – and with confidence - to deliver that contract and more.

David Traynor
Chief Executive

Byotrol plc
UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the 6 month period ended 30 September 2014

	6 mths ended 30 September 2014	6 mths ended 30 September 2013 £	Year ended 31 March 2014 £
REVENUE	1,554,866	1,712,359	3,126,406
Cost of sales	(1,052,611)	(770,549)	(1,897,744)
GROSS PROFIT	502,255	941,810	1,228,662
Administrative expenses excluding depreciation and amortisation	(728,706)	(1,100,837)	(1,972,762)
Exceptional items		(220,665)	103,044
Share based compensation	(36,364)	(13,051)	(29,703)
LOSS BEFORE INTEREST, DEPRECIATION, AMORTISATION AND TAX	(262,815)	(392,743)	(670,759)
Amortisation	(29,479)	(34,580)	(70,750)
Depreciation	(40,252)	(20,814)	(65,615)
Finance income	-	-	-
Finance costs	(37,299)	(9,596)	(29,325)
LOSS BEFORE TAX	(369,845)	(457,733)	(836,449)
Taxation	-	-	-
LOSS FOR THE FINANCIAL YEAR	(369,845)	(457,733)	(836,449)
(Loss) / profit attributable to:			
Owners of Parent	(369,845)	(607,428)	(986,144)
Non-controlling interest	-	149,695	149,695
	(369,845)	(457,733)	(836,449)
OTHER COMPREHENSIVE INCOME, NET OF TAX			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Currency translation difference		10,212	(40,757)
Other comprehensive income/(expense)	(369,845)	10,212	(40,757)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	(369,845)	(447,521)	(877,206)
Owners of the parent	(369,845)	(597,216)	(1,026,901)
Non-controlling interest	-	149,695	149,695
	(369,845)	(447,521)	(877,206)
Basic and fully diluted loss per share – pence	(0.19)	(0.41)	(0.60)

	As at 30 September 2014 £	As at 30 September 2013 £ (restated)	As at 31 March 2014 £
ASSETS			
Non-current assets			
Property, plant and equipment	78,914	157,557	118,680
Intangible assets	496,839	482,312	463,847
	575,753	639,869	582,526
Current assets			
Inventories	286,342	434,498	278,351
Trade and other receivables	771,051	764,460	762,113
Cash and cash equivalents	578,796	585,106	98,521
	1,636,189	1,784,064	1,138,985
	2,211,942	2,423,933	1,721,512
LIABILITIES			
Current liabilities			
Trade and other payables	768,666	1,771,145	1,101,759
	768,666	1,771,145	1,101,759
Long term liabilities			
Convertible loan notes	324,757	-	310,699
	324,757	-	310,699
Equity			
Share capital	562,587	374,073	458,420
Share premium account	21,639,595	18,562,358	20,586,758
Merger reserve	1,064,712	1,064,712	1,064,712
Cumulative translation reserve	12,821	8,548	26,879
Retained deficit	(22,161,196)	(18,893,451)	(21,827,715)
Equity attributable to owners of the Parent	1,118,519	1,116,240	309,054
Non-controlling interests	-	(463,452)	-
TOTAL EQUITY	1,118,519	652,788	309,054
TOTAL EQUITY AND LIABILITIES	2,211,942	2,423,933	1,721,512

Byotrol plc
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
for the 6 month period ending 30 September 2014

	Share capital £	Share premium £	Merger reserve £	Other reserves £	Retained earnings reserve £	Sub-total £	Non-controlling interests £	Total equity £
At 1 April 2013	358,949	18,154,985	1,064,712	(1,665)	(18,299,075)	1,277,906	(613,147)	664,759
Loss for the period	-	-	-	-	(607,428)	(607,428)	149,695	(457,733)
Currency translation difference	-	-	-	10,212	-	10,212	-	10,212
Total comprehensive loss for the period	-	-	-	10,212	(607,428)	(597,216)	149,695	(447,521)
Placing of shares	15,124	468,250	-	-	-	483,374	-	483,374
Placing costs	-	(60,877)	-	-	-	(60,877)	-	(60,877)
Share based payments	-	-	-	-	13,051	13,051	-	13,051
Balance as at 30 September 2013	374,073	18,562,358	1,064,712	8,548	(18,893,452)	1,116,238	(463,452)	652,786
Loss for the period	-	-	-	-	(378,716)	(378,716)	-	(378,716)
Currency translation difference	-	-	-	(50,969)	-	(50,969)	-	(50,969)
Total comprehensive loss for the period	-	-	-	(50,969)	(378,716)	(429,685)	-	(429,685)
Purchase of non-controlling interest	84,347	2,024,400	-	-	(2,572,199)	(463,452)	463,452	-
Issue of convertible loan notes	-	-	-	69,301	-	69,301	-	69,301
Share based payments	-	-	-	-	16,652	16,652	-	16,652
Balance as at 31 March 2014	458,420	20,586,758	1,064,712	26,880	(21,827,715)	309,054	-	309,054

Byotrol plc
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
for the 6 month period ending 30 September 2014

	Share capital £	Share premium £	Merger reserve £	Other reserves £	Retained earnings reserve £	Sub-total £	Non-controlling interests £	Total equity £
Loss for the period	-	-	-	-	(369,845)	(369,845)	-	(369,845)
Currency translation difference	-	-	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	(369,845)	(369,845)	-	(369,845)
Placing of shares	104,167	1,145,833	-	-	-	1,250,000	-	1,250,000
Placing costs	-	(92,996)	-	-	-	(92,996)	-	(92,996)
Convertible loan notes	-	-	-	(14,058)	-	(14,058)	-	(14,058)
Share based payments	-	-	-	-	36,364	36,364	-	36,364
Balance as at 30 September 2014	562,587	21,639,595	1,064,712	12,821	(22,161,196)	1,118,519	-	1,118,519

Byotrol plc
UNAUDITED CONSOLIDATED CASH FLOW STATEMENT
for the 6 month period ended 30 September 2014

	6 mths ended 30 September 2014 £	6 mths ended 30 September 2013 £ (restated)	Year ended 31 March 2014 £
CASH FLOW FROM OPERATING ACTIVITIES			
Loss for the period before tax	(369,845)	(457,733)	(836,449)
Adjustments for:			
Share based payments	36,364	13,051	29,703
Depreciation	40,252	20,814	65,615
Amortisation	29,479	34,580	70,750
Loss on disposal of property, plant and equipment	-	-	715
Impairment of intangible assets	-	-	80,362
Finance income	-	-	-
Finance costs	37,299	9,596	29,325
Loan forgiveness	-	-	(684,269)
Foreign exchange gains and losses	-	10,217	-
Changes in working capital			
(Increase)/decrease in inventories	(7,991)	76,439	232,586
(Increase)/decrease in trade and other receivables	(8,938)	291,865	294,210
(Decrease) / increase in trade and other payables	(333,093)	(46,740)	(72,594)
CASH USED IN OPERATING ACTIVITIES	(576,473)	(47,911)	(790,066)
Income taxes credit received	-	-	-
NET CASH USED IN OPERATING ACTIVITIES	(576,473)	(47,911)	(790,066)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments to acquire property, plant and equipment	(486)	(100,806)	(107,445)
Proceeds from sale of property, plant and equipment	-	-	-
Payments to acquire intangible assets	(62,471)	(37,513)	(135,580)
Finance income	-	-	-
NET CASH USED IN INVESTING ACTIVITIES	(62,957)	(138,319)	(243,025)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds on issue of ordinary shares	1,250,000	483,374	483,374
Proceeds on issue of convertible loan notes	-	-	380,000
Share issue costs	(92,996)	(60,880)	(60,877)
Capital element of finance lease rental payments	-	-	-
Interest paid	(37,299)	(9,598)	(29,325)
NET CASH INFLOW /(OUTFLOW) FROM FINANCING	1,119,705	412,896	773,172
Net incease/(decrease) in cash and cash equivalents	480,275	226,666	(259,919)
Cash and cash equivalents at the beginning of the financial year	98,521	358,440	358,440
Effect of foreign exchange rate changes	-	-	-
Cash and cash equivalents at the end of the financial year	578,796	585,106	98,521

1. Basis of preparation

The financial statements have been prepared in accordance with the AIM rules, international financial reporting standards ("IFRS") as adopted by the European Union that are applicable to the Group's statutory accounts for the year ended 31st March 2014 and the applicable provisions of the Companies Act 2006. The interim financial statements are unaudited and were approved by the Directors on 24 November 2014. 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 2014 are in abbreviated form and have been extracted from the published financial statements. These were audited and reported upon without qualification by Mazars LLP and did not contain a statement under Section 498(2) or (3) of the Companies Act 2006. Statutory accounts for the financial year ended 31 March 2014 have been filed with the Registrar of Companies.

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 2014, but had, at the period end, cash reserves and net assets of £578,796 and £1,118,519. Byotrol plc has prepared interim financial statements 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 the Group being able to generate recurring and 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 interim financial statements. The projections take into account the new business opportunities highlighted in the Chief Executive's Report, 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 and having undertaken sensitivity analysis in respect of future sales growth, the Directors are satisfied that the Group can meet its operational requirements and discharge its liabilities as and when they fall due. Accordingly they continue to adopt the going concern basis in preparing the interim report and accounts.

In the event that the Group is unable to achieve its forecast cash inflows, the Directors have opportunities available to them which will enable them to reduce costs so that the business can continue to exist within its current funding arrangements. Based on this analysis, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and for this reason they continue to adopt the going concern basis of accounting.

3. Segmental information

The Group has three reportable segments; being Professional (including food service, food manufacturing, industrial and health), Consumer and Pet. 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 first segment concerns the professional sector incorporating business to business sales into food and beverage, healthcare and facilities management. The second segment concerns the consumer sector and primarily revenue generated from licence agreements with third parties for the manufacture and sale of products incorporating Byotrol technology. The third sector concerns the Pet sector, where finished goods are manufactured and sold into the companion animal sector.

The Group operates in different geographic locations. The revenue generated from the different geographic locations is analysed separately into the information below.

The Group's centrally incurred administrative expenses, incorporating the ongoing research and development work, operating income and assets and liabilities cannot be allocated to individual segments.

	Continuing operations			
	Professional	Consumer	Pet	Total
6 months ended 30 September 2014	£	£	£	£
REVENUE				
United Kingdom	861,354	73,373	388,320	1,323,047
North America	3,003	23,881	-	26,884
Rest of World	74,930	34,996	95,009	204,935
Total revenue	939,287	132,250	483,329	1,554,866
Cost of sales	(694,990)	-	(357,621)	(1,052,611)
Gross profit	244,297	132,250	125,708	502,255
Centrally incurred income and expenditure not attributable to individual segments:				
Administrative costs				(728,705)
Exceptional items				-
Depreciation and amortisation				(69,731)
Share based payments				(36,364)
Finance income				-
Finance costs				(37,300)
Loss before tax				(369,845)

3. Segmental information (continued)

	Continuing operations			
	Professional	Consumer	Pet	Total
6 months ended 30 September 2013	£	£	£	£
REVENUE				
United Kingdom	645,249	131,902	232,151	1,009,302
North America	43,014	451,613	-	494,627
Rest of World	78,869	27,608	101,953	208,430
Total revenue	767,132	611,123	334,104	1,712,359
Cost of sales	(536,784)	-	(233,565)	(770,549)
Gross Profit	230,348	611,123	100,339	941,810

Central income and expenditure not attributable to individual segments:	
Administration costs	(1,100,837)
Exceptional items	(220,665)
Depreciation and amortisation	(55,394)
Share based payments	(13,051)
Finance income	-
Finance Costs	(9,596)
	(457,733)

	Continuing operations			
	Professional	Consumer	Pet	Total
Year ended 31 March 2014	£	£	£	£
REVENUE				
United Kingdom	1,448,520	278,909	456,010	2,183,439
North America	76,099	451,613	-	527,712
Rest of World	94,900	55,239	265,116	415,255
Total revenue	1,619,519	785,761	721,126	3,126,406
Cost of sales	(1,385,745)	-	(511,999)	(1,897,744)
Gross Profit	233,774	785,761	209,127	1,228,662

Central income and expenditure not attributable to individual segments:	
Administration costs	(1,972,762)
Exceptional items	103,044
Depreciation and amortisation	(136,365)
Share based payments	(29,703)
Finance income	-
Finance Costs	(29,325)
	(836,449)

4. Loss per share

The loss per ordinary share is based on the losses for the period of £369,845 (six months ended 30 September 2013: £607,428; twelve months ended 31 March 2014: £986,144) and the weighted average number of ordinary shares in issue during the period of 197,940,050 (six months ended 30 September 2013; 146,620,414, twelve months ended 31 March 2014: 163,854,920).

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 2014 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 2015.

6. Interim announcement

The interim report was released on 25 November 2014. It is also available on the Company's website, www.byotrol.co.uk