byotrol™

ANNUAL REPORT 2013

Directors
Ralph David Kugler (Non-executive Chairman)
Gary Millar (Chief Executive Officer)
Duncan Grosvenor FCCA (Finance Director)
Nicholas Charles Giffard Martel (Non-executive Director)
Till Medinger (Non-executive Director)

Secretary and registered office
Richard W Bell
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Auditors
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Bankers
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M3 3HF

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Solicitors
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The 2012/13 financial year has seen Byotrol take some major steps forward, though still at a slower pace than the Board would like. The Board remains confident about the Group's ability to accelerate growth in 2013/14.

The past financial year has seen some notable achievements. Double-digit revenue growth reflects the growing recognition of the attractiveness of the Byotrol technology. Gross margins are significantly up, with potential for further improvement. Combined with a pronounced reduction in the cost base, this has led to a material reduction of the Group's EBITDA loss and a marked reduction in cash consumption. The Board remains determined to see the Group achieve cash break-even at the earliest opportunity.

The adoption of Byotrol's technology by Marks & Spencer across all their UK stores for their in-store cleaning is particularly noteworthy, both for the potential revenue generation and for the important Marks & Spencer endorsement of Byotrol. The Group is actively developing other business opportunities with new partners, which are expected to come to fruition in 2013/14. We are delighted by the development agreement between Byotrol Consumer Products (BCP) – our 50% joint venture - and Albaad Ltd., for the future development of the wipes business.

Kimberly–Clark Corporation (Kimberly-Clark) has unfortunately decided to adopt a new strategic direction, with implications for the agreement that BCP signed with them in 2012. This is clearly disappointing although we are still hopeful that a joint market initiative with Kimberly-Clark might take place in the future. The release from our exclusive agreement with Kimberly-Clark means that BCP is now free to pursue other opportunities in the US and elsewhere. BCP is already in discussions with several companies to that end.

The Board and the Group would like to express their appreciation to Adrian Smith, Stephen Falder and Richard Bell, who stood down from the Board during the past year. They have all made a valuable contribution to Byotrol over many years, and leave with our sincere thanks. I am pleased that Stephen, the founder of Byotrol, is continuing his close connection with the business, and that Richard has agreed to stay on as Company Secretary.

I would like to welcome Nicholas Martel as a non-executive member of the Board. Nicholas joined the Board in April 2013 and his appointment has returned the Board to a composition reflecting a majority of independent directors.

I would like to express my appreciation on behalf of the Board to Gary Millar and the Byotrol team for their continued hard work and achievements in the past year. In challenging conditions, they continue to make progress and to establish the basis for the future success that we are all striving to achieve. The increasing recognition of the superiority of Byotrol's unique anti-microbial technology gives the Board continued confidence in the future prospects of the business.

Ralph Kugler
Chairman

I am pleased to present our results for the year ended 31 March 2013. The year under review has delivered improved financial results, most notably reducing EBITDA losses by thrity eight percent. Progress includes double digit revenue growth, with accelerated momentum in the second half of the year, which is encouraging. We have now posted double digit revenue growth in the last three consecutive half year reporting periods, which together with significant improvements in gross margins and reduced fixed costs, are all flowing through to the markedly better underlying operational performance, contributing to a significantly reduced cash outflow. The year has been one of positive changes and positions the business well to move forward.

The business has achieved these positive results by delivering on a number of key objectives, principle amongst which is a focus on maintaining and securing new customer relationships which deliver long term repeat business.

In that respect, progress within our Food & Beverage and Pet Care business sectors has been especially pleasing and has partially offset slower than anticipated growth elsewhere, particularly with Rentokil Initial. A notable achievement has been the adoption of Byotrol as the in-store hygiene solution across the entire UK estate of Marks and Spencer stores; this revenue stream will commence in 2013/14.

Overall, I am confident that the business remains well positioned to accelerate growth in 2013/14, and thus achieve break even and profitability in the near term, despite slower than planned progress in this difficult economic climate.

Throughout the course of the year, the Byotrol team has worked tirelessly to deliver these improved results, and I would like to thank them for their commitment and hard work.

Overview

Sales for the year were £2.19m (2012: £1.96m) representing a 12% year on year improvement, driven by second half growth of 14%, with even better momentum carried forward into the 2013/14 financial year. The reported loss for the period was £1.7m (2012: loss of £2.8m). The balance sheet at 31st March 2013 had cash and cash equivalents of £0.3m (2012: £1.6m).

Gross margin for the full year was up 7% on the previous year to 29%, meaning the margin uplift reported at the half year was maintained across the full reporting period. However, this fell short of the targeted improvement in gross margin due to a variance from the expected product mix. Nevertheless the impact of increased volume at these higher margins resulted in an overall gross profit increase of £0.2m (up 47%). Combined with exceeding our targeted expense reductions by ca. £0.1m, at an overall reduction of ca. £0.9m, this led to the 38% improvement in EBITDA.

I am pleased also to continue to report good progress across our core sectors, and in the growing number of high quality partners with whom we work.

Markets

Food & Beverage

We continue to make good progress in the UK food sector, with an increasing number of high quality food processing and distribution groups adopting our technology. Year on year revenues grew by an impressive 48%, compared with 9% in the previous reporting period. Growth occurred in both direct sales to end users and also via our strategic distribution partners.

Underpinning this encouraging progress, in a highly competitive sector, has been our strategy of collaborating with food safety opinion formers. In particular, our engagement with the Food Standards Agency and industry representatives on combating the threats posed by *Campylobacter* and *Listeria* has created opportunities that have translated into repeatable revenue streams.

We are particularly pleased that Marks and Spencer has chosen to adopt Byotrol's unique surface sanitising solution across their entire in-store operations in the UK. This agreement will see Byotrol anti-microbial technologies rolled across the 477 Marks and Spencer retail outlets, following the successful earlier adoption within Marks and Spencer's newly launched *Deli* operations.

We plan to use this significant endorsement to develop further opportunities as Byotrol technology becomes increasingly recognised as the leading solution for overall hygiene control. Product development efforts are focused on unlocking this significantly larger market opportunity.

Business services

We were delighted to announce during the period that Byotrol had been selected as the lead hygiene partner for Office Depot's facilities management supply initiative. The products were launched towards the end of the reporting period, and we continue to work closely together to maximise this significant growth opportunity.

There were, however, much slower than expected sales of Rentokil Initial's UltraProtect range, powered by Byotrol. This was partly due to additional regulatory approvals required in certain European territories. Work continues to support this opportunity and the underlying agreement which has multiple market, product and geographic expansion potential.

We continue to enjoy some growth in the leisure sector, from the fleet-wide use of Byotrol in high contact touch areas by the Holland America cruise liner fleet.

Consumer products

Byotrol Consumer Products (BCP), our joint venture with *?*What If! Ventures, has continued to develop its successful retail supply position with Tesco plc (via Robert McBride plc). Further range variants and new product launches have increased the number of stock keeping units offered by Tesco to seven. Following the end of the reporting period Tesco has launched a refresh of the entire range that is powered by Byotrol.

BCP also announced during the period that it had entered into a Joint Development Agreement (JDA) with Albaad Ltd, one of the three largest producers of wet wipes in the world. The JDA is targeted at developing Byotrol-based consumer products for UK and European markets.

The Byotrol Petcare business made excellent progress over the year, recovering the impact of an overstocking in the first half period at a key UK customer. Introduction of supply into Sainsbury's and re-establishing a strong performance with the customer involved were notable features. Revenue growth of 31% in the second half was also achieved and included supply of first orders against our previously announced licensing deal in sub-Saharan Africa and a range launch in China.

Healthcare

We continue to invest in both product and resource capability as part of our engagement strategy within the healthcare sector. Success has been achieved with first sales into North African healthcare markets. Gaining entry into the UK NHS continues to be very much on our agenda, and progress here is now direct via the NHS procurement process.

Outlook

The outlook for Byotrol is encouraging. As a disruptive anti-microbial technology operating in a traditionally conventional market, we offer our commercial partners a unique opportunity. The momentum being achieved with partners who are increasingly generating longer term repeat revenues gives the Board confidence that this establishes the bedrock for a substantial business.

One attraction for our clients and commercial partners is the adaptability of the technology. This flexibility inevitably results in bespoke product development of one sort or another, depending on the targeted market sector or geography, to arrive at the optimum product solution.

Due to a recent strategic review, and despite its substantial development investment to date, Kimberly-Clark has elected not to proceed with a product launch with our consumer products joint venture, Byotrol Consumer Products Ltd (BCP), on the timescales originally envisaged.

As a result, BCP's Intellectual Property License Agreement with Kimberly-Clark announced in August 2012 has been renegotiated. Under the new terms, Kimberly-Clark has agreed to accelerate certain partner payments to BCP and release the rights of exclusivity to the Byotrol technology initially granted to them under the Licensing Agreement. In addition, BCP has negotiated the retention of the intellectual property on its technology resulting from the development project to date. BCP will now regain control over and responsibility for any further development work between the two companies and whilst there still remains the potential to jointly launch products, the time frame for any such collaboration is uncertain.

Our core Business to Business activities, including our UK food and beverage and business services sectors, continue to show real progress. The opportunity for further growth, arising from Marks and Spencer's adoption of Byotrol as its in-store hygiene solution, is particularly exciting.

The Board is encouraged by strategic progress at Byotrol and looks forward to providing further updates to the market at the earliest opportunity.

Gary Millar
Chief Executive

As at 31 March 2013, the Group had cash of £284,238 and total assets of £2,590,962.

Financial instruments
The Group's principal financial instruments comprise cash, short-term deposits and an invoice finance facility. The Group has various other financial instruments such as trade receivables and trade payables that arise directly from its operations. As these instruments are conventional risks, they are managed on the simple basis of credit terms, credit worthiness and cash collection or settlement.

The Group did not enter into derivative transactions during the year. It is the Group's policy that no speculative trading in financial instruments will be undertaken.

Interest rate risk
During the period the Group was cash positive. It places surplus cash balances on short-term deposit with UK clearing banks.

Liquidity risk
As at 31 March 2013, the Group had cash and bank balances of £284,238. These funds, together with any facilities, will be utilised in the broadening of the group's product range, obtaining regulatory approvals and securing the intellectual property rights. Funds surplus to the Group's short-term requirements will be deposited in an interest bearing account with UK clearing banks.

The Directors have prepared projected cash flow information for the coming year. 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 raised funds of £0.4m net of expenses, through a placing with existing shareholders. On the basis of these projections, the Group has sufficient working capital facilities in place.

Foreign currency risk
The majority of the Group's cash flows are denominated in Sterling or US dollars. However currency revenues and expenditure do not match. During the period the Group used the spot market to balance the inflows and outflows. The foreign currency risk is monitored on a monthly basis.

Other risks
The Group's asset base is founded upon its patent and regulatory approvals. Patent applications and approvals continue to be sought worldwide to protect the intellectual property portfolio. As the product is based upon existing approved biocides, regulatory issues are not as complex as with a newly designed chemical compound.

Taxation
The Group incurred a loss in the financial period to 31 March 2013 and accordingly no taxation was payable. The tax losses arising will be available to offset against the profits expected from future trading, although no tax asset in relation to these sums has been recognised in the financial statements due to the unpredictability of the timing of future profit streams.

Accounting policies
The Group's accounting policies are detailed on pages 28 to 36.

Post year end
Since the year end, the Group has continued to follow the policies and practices outlined above. The Directors submit their report and the Group financial statements of Byotrol plc for the year ended 31 March 2013.

Principal activities
The Group's and the Company's principal activity is the development, patenting and sale of products based on microbial technology.

Results and dividends
The loss for the financial year to 31 March 2013 attributable to ordinary shareholders amounts to £1,738,160 (2012: £2,756,924), and is dealt with as shown in the consolidated statement of comprehensive income. The Directors do not recommend the payment of an ordinary final dividend.

Review of the business
A review of the business and the future developments of the Group is presented in the Chairman's Statement and the Chief Executive's Report on pages 4 to 6.

Fund raising
In the period since the balance sheet date, Byotrol plc has secured funding of £0.5m, £0.4m net of expenses, through a placing with existing shareholders.

Going concern
Byotrol plc has prepared 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 from the sales opportunities highlighted in the Chairman and Chief Executive's Statements. The Directors have prepared projected cash flow information for the period ending 12 months from the date of approval of these financial statements. Sensitivity analysis has been performed to take into account the variation in the timing and quantum of the new business opportunities. These significantly affect the Group's cash requirements and are therefore continually monitored by the Board. On the basis of these sensitised projections, the Directors raised funds of £0.4m net of expenses, through a placing with existing shareholders and this has been taken into account in the projections.

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.

Key performance indicators
Management uses a range of performance measures to monitor and manage the business. Certain of these are particularly important in the generation of shareholder value and are considered key performance indicators or KPIs. The KPIs used in the business include:

- The current and projected cash resources of the Group
- The level of sales and repeat sales
- The timeliness and efficiency of the research and development team
- Manpower levels and their effectiveness

Growth of repeatable sales is progressing at a slower rate than desired, and this has had an impact on cash projections. As a result, manpower levels and other costs have been rationalised, and will be reduced further if necessary. The Board is satisfied with the performance and delivery of the research and development team. The Board retains these KPIs as being entirely suited to the needs of a growing business.

Risks and uncertainties
Risks and uncertainties are inherent in all businesses and the Group is no exception. Risk management is seen as an important element of internal control and is used to mitigate the Group's exposure to such risks.

Commercial Risks

- Performance depends on the continued ability to develop sustainable sales channels
- Performance also depends heavily on the continued patent protection
- The Group is also affected by the lead times in conducting trials by prospective customers and by the lead times involved in converting strong interest into contracts.

Processes to manage the impact on the business of each of the above risks are embedded in the operations. The directors and other senior management actively monitor these processes, and the actions which arise, to ensure risks are effectively managed.

Operational Risks
Health and safety, employer's and public liability risks are monitored by way of regular updates to the Board.

Financial Risks
The Group manages financial and treasury risk through active working capital management. Monitoring of cash flow and currency exposure is undertaken at Board level on a monthly basis.

Research and development
The Group invests in the research and development of further anti-microbial products and has 8 employees in its research and development department. It also uses the services of highly regarded research institutions to supplement the internal resource. In the opinion of the directors, continuity of investment in this area is essential for the maintenance of the Group's market position and for future growth.

Political and charitable donations
The Group made no such donations in the year.

Disabled employees
The Group gives full consideration to applications for employment from disabled persons where a handicapped or disabled person can adequately fulfil the requirements of the job.

Where existing employees become disabled, the Group's policy wherever practicable is to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

Employee involvement
The directors meet staff on a regular basis to keep them apprised of important issues within the Group.

Directors
The directors during the year were:

Ralph D Kugler
Gary Millar
Stephen B Falder (retired 19 July 2012)
Richard W Bell (retired 19 July 2012)
Duncan Grosvenor (elected 19 July 2012)
Adrian J R Smith (retired 19 July 2012)
Till Medinger

The retiring director is Gary Millar who will offer himself for re-election at the Annual General Meeting. Nicholas Martel, who was appointed to the Board on 19 April 2013, will offer himself for election. The Annual General Meeting will be held at 14.30 on 25 July 2013 at The Innovation Centre, Sci-Tech Daresbury WA4 4FS. The notice of that meeting, together with a proxy card, accompanies this document.

Directors' interests
The directors at 31 March 2013 and their interests, including family interests, in the share capital, were as follows:

	31 March 2013	*At date of appointment or 31 March 2012*
	Ordinary Shares	*Ordinary Shares*
Ralph D Kugler	1,723,333	1,323,333
Gary Millar	450,333	450,333
Duncan Grosvenor	50,000	50,000
Till Medinger	572,667	472,667

Between the year end and 24 June 2013 there have been no share dealings by directors.

The Company has a Directors and Officers liability policy which was in force during the year.

Substantial shareholdings
The Company has been notified of the following holdings of persons, other than directors, who held an interest of more than 3% of the ordinary share capital of the Company at 24 June 2013:

	Number of Shares	*% of Ordinary Shares*
Aerion Fund Management	5,000,100	3.48
Maunby Investment Management	23,699,709	16.51
Ruffer Investment Management	40,326,057	28.09

Payment policy
Appropriate payment terms have been negotiated with each supplier and undisputed accounts are generally settled, once requested, in accordance with the agreed terms. The Group had 40 days of purchases outstanding in trade payables as at 31 March 2013 (2012: 51 days).

Awareness of relevant audit information
At the date of approval, so far as each of the directors is aware, there is no relevant audit information of which the auditors are unaware and they have taken all the necessary steps to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Auditors
A resolution for the re-appointment of Baker Tilly UK Audit LLP as auditors is to be proposed at the forthcoming Annual General Meeting.

By order of the Board

Duncan Grosvenor
***Finance* Director**
25 June 2013

Remuneration Committee

The Company has established a Remuneration Committee comprising the three non-executive directors. The Committee is constituted in accordance with the recommendations of the Quoted Companies Alliance. The members of the committee during the year were Ralph Kugler (Chairman), Adrian Smith (until 19 July 2012) and Till Medinger.

Remuneration Policy

The policy of the committee is to reward executive directors in line with the current remuneration of directors in comparable businesses in order to recruit, motivate and retain high quality executives within a competitive market place.

There are four main elements of the remuneration packages for executive directors and senior management:

- Basic annual salary (including directors' fees) and benefits;
- Annual bonus payments which cannot exceed 50% of basic salary;
- Share option incentives; and
- Pension arrangements.

The remuneration packages are regularly reviewed. No changes were made to the basic salary packages and bonus arrangements during the financial year being reported.

Basic salary

Basic salary is reviewed annually with increases taking effect from 1 April. In addition to basic salary, the executive directors also receive a benefit in kind of private medical insurance. There were no increases to basic salaries during the year ended 31 March 2013.

Annual bonus

The committee establishes the objectives that must be met for each financial year if a cash bonus is to be paid. The purpose of the bonus is to reward executive directors and other senior employees for achieving above average performance which also benefits shareholders. The maximum performance related bonus that can be paid is 50% of basic salary. There were no incentive payments for the year ended 31 March 2013 nor for the year ended 31 March 2012.

Share options

The Company has two share option schemes, the Executive Scheme and the Enterprise Management Incentive Scheme ('EMI'). Options have been granted under each scheme as follows:

	Number of shares	Exercise price	Exercise period
EMI scheme			
Gary Millar	300,000	17.5p	1 April 2011 to 12 April 2020
Duncan Grosvenor	420,000	6.75p	6 July 2013 to 5 July 2022
Gary Millar	420,000	6.75p	6 July 2013 to 5 July 2022
Executive Scheme			
Ralph Kugler	700,000	13.0p	23 June 2010 to 22 June 2019
Till Medinger	200,000	13.0p	23 June 2010 to 22 June 2019

The options granted at 13p are subject to the following performance conditions:

- 40 per cent of the granted options will be exercisable once the Company's share price has reached 30 pence per share and remained so for 30 consecutive days. These options are exercisable between 23 June 2010 and 22 June 2019.

- 30 per cent will be exercisable once the Company's share price has reached 50 pence per share and remained so for 30 consecutive days. These options are exercisable between 23 June 2011 and 22 June 2019.
- 30 per cent of the options granted will be exercisable once the Company's share price has reached 75 pence per share and remained so for 30 consecutive days. These options are exercisable between 23 June 2011 and 22 June 2019.

The options granted at 17.5p are subject to the following performance conditions.

- 150,000 options will be exercisable only if the Company's share price has reached 30 pence per share and remained so for 30 consecutive days between 13 April 2010 and 12 April 2020.
- 150,000 options will be exercisable only if the Company's share price has reached 50 pence per share and remained so for a period of 30 consecutive days between 13 April 2010 and 12 April 2020.

The options granted at 6.75p are subject to the following performance conditions:

- 40 per cent of the granted options will be exercisable once the Company's share price has reached 15 pence per share and remained so for 30 consecutive days. These options are exercisable between 6 July 2013 and 5 July 2022.
- 20 per cent of the granted options will be exercisable once the Company's share price has reached 25 pence per share and remained so for 30 consecutive days. These options are exercisable between 6 July 2014 and 5 July 2022.
- 40 per cent of the granted options will be exercisable once the Company's share price has reached 35 pence per share and remained so for 30 consecutive days. These options are exercisable between 6 July 2015 and 5 July 2022.

Pension arrangements

Executive Directors are entitled to have a percentage of their basic salary paid to a pension scheme of their choice. Each Executive Director receives a 10% salary contribution from the company.

Directors' contracts

It is the Company's policy that Executive Directors should have contracts with an initial fixed period of one year and then an indefinite term providing for a maximum of six months' notice. In the event of early termination, the directors' contracts provide for compensation up to a maximum of basic salary for the notice period.

Non-executive directors

The fees of Non-executive Directors are determined by the board, on the recommendation of the Chief Executive, as a whole having regard to the commitment of time required and the level of fees in similar companies. Non-executive Directors are not eligible to participate in the Company's pension scheme.

Non-executive Directors are employed on letters of appointment terminable on three months' notice.

Aggregate directors' remuneration

The total amounts for directors' remuneration were as follows:

	2013 £	2012 £
Emoluments	314,680	387,004
Money purchase pension contributions	23,116	30,500
Total	337,796	417,504

Individual directors' remuneration

The remuneration of the directors for the year ended 31 March 2013 is as follows:

	Basic salary and fees £	Bonuses £	Other benefits £	Total 2013 £	Pension 2013 £	Total 2012 £	Pension 2012 £
Executive directors							
Gary Millar	140,000	-	1,177	141,177	12,000	141,193	12,000
Duncan Grosvenor	63,671	-	699	64,370	4,956	-	-
Stephen Falder	18,466	-	-	18,466	3,327	110,320	10,000
Richard Bell	18,667	-	-	18,667	2,833	57,491	8,500
Non-executive directors							
Ralph Kugler	36,000	-	-	36,000	-	30,000	-
Adrian Smith	12,000	-	-	12,000	-	24,000	-
Till Medinger	24,000	-	-	24,000	-	24,000	-
	312,804	-	1,876	314,680	23,116	387,004	30,500

(1) Details of directors' shareholdings are set out on page 10.
(2) The total columns show the total emoluments for each year excluding pension payments.

Approval
This report was approved by the Board of Directors and signed on its behalf by:

Ralph Kugler
Chairman
25 June 2013

Principles of Corporate Governance

The Company's Board appreciates the value of good corporate governance not only in the areas of accountability and risk management but also as a positive contribution to business prosperity. It believes that corporate governance involves more than a simple "box ticking" approach to establish whether a company has met the requirements of a number of specific rules and regulations. Rather the issue is one of applying corporate governance principles (including those set out in the Corporate Governance Guidelines for Smaller Quoted Companies published in September 2010) in a sensible and pragmatic fashion having regard to the individual circumstances of a particular company's business. The key objective is to enhance and protect shareholder value.

Board Structure

The current Board structure comprises the Non-Executive Chairman, the Chief Executive, two other Executive Directors and two Non-Executive Directors. The biographies of all serving directors appear on pages 17 and 18.

The Board is responsible to shareholders for the proper management of the Group. The Board is aware of the need for independence amongst its Non-Executive Directors and is satisfied that it has sufficient independence amongst its Non-Executive Directors.

A statement of directors' responsibilities in respect of the financial statements is set out on page 19. The Non-Executive Directors have a particular responsibility to ensure that the strategies proposed by the Executive Directors are fully considered. To enable the Board to discharge its duties, all directors have full and timely access to all relevant information and there is a procedure for all directors, in furtherance of their duties, to take independent professional advice, if necessary, at the expense of the Group. The Board has a formal schedule of matters reserved to it and meets at least quarterly in person and monthly by conference call. It is responsible for overall Group strategy, approval of major capital expenditure projects and consideration of significant financing matters. The directors have attended all meetings.

All directors are subject to re-election at least every three years.

At this stage of the Group's development there are no formal systems of appraisal of Board members. When the Group's size and resources justify it, such appraisal systems will be implemented.

The following committees, which have written terms of reference, deal with specific aspects of the Group's affairs.

- The Remuneration Committee, which is comprised of non-executive directors, is responsible for making recommendations to the Board on the Company's framework of Executive remuneration and its cost. The Committee determines the contract terms, remuneration and other benefits for each of the Executive Directors, including performance related bonus schemes, pension rights and compensation payments. The Board itself determines the remuneration of the Non-Executive Directors on the recommendation of the Chief Executive. The Remuneration Committee is comprised of Ralph Kugler (Chairman), Till Medinger, Adrian Smith (until 19 July 2012) and Nicholas Martel (from 19 April 2013). The report on Directors' Remuneration is set out on pages 11 to 13.

- The Nomination Committee is responsible for making recommendations to the Board on its structural requirements and for acting as the recruitment committee for vacant director posts.

- The Audit Committee's prime tasks are to review the scope of internal and external audit, to receive regular reports from Baker Tilly UK Audit LLP, and to review the half-yearly and annual financial statements before they are presented to the Board, focusing in particular on accounting policies and areas of management judgment and estimation. The Committee is responsible for monitoring the controls which are in force to ensure the integrity of the information reported to the shareholders. The

Committee acts as a forum for discussion of internal control issues and contributes to the Board's review of the effectiveness of the Company's internal control and risk management systems and processes. The Committee has considered the need for an internal audit function and has concluded that, at the present time, no such function is necessary. This will be reviewed on a regular basis. It advises the Board on the appointment of external auditors and on their remuneration for both audit and non-audit work, and discusses the nature and scope of the audit with the external auditors.

The Committee, which meets at least three times per year, provides a forum for reporting by the Group's external auditors. Meetings are also attended, by invitation, by the Executive Directors.

The Audit Committee also undertakes a formal assessment of the auditors' independence each year which includes:

- a review of the non-audit services provided to the Group and related fees;
- discussion with the auditors of a written report detailing all relationships with the Company and any other parties that could affect independence or the perception of independence;
- a review of the auditors' own procedures for ensuring the independence of the audit firm and partners and staff involved in the audit, including the regular rotation of the audit partner; and
- obtaining written confirmation from the auditors that, in their professional judgment, they are independent.

An analysis of the fees payable to the external audit firm in respect of both audit and non-audit services during the year is set out in Note 2 to the financial statements.

The Committee members are all the non-executive directors and comprised Adrian Smith (Chairman), Ralph Kugler and Till Medinger until 19 July 2012. Thereafter the Committee comprised Till Medinger (Chairman) and Ralph Kugler until 19 April 2013 when Nicholas Martel joined the Committee.

Internal Control

The Directors are responsible for the Group's system of internal control and reviewing its effectiveness.

The Board has designed the Group's system of internal control in order to provide the directors with reasonable assurance that its assets are safeguarded, that transactions are authorised and properly recorded and that material errors and irregularities are either prevented or would be detected within a timely period. However, no system of internal control can eliminate the risk of failure to achieve business objectives or provide absolute assurance against material misstatement or loss.

The key elements of the control system in operation are:

- The Board meets regularly with a formal schedule of matters reserved to it for decision and has put in place an organisational structure with clear lines of responsibility defined and with appropriate delegation of authority;
- There are established procedures for planning, approval and monitoring of capital expenditure and information systems for monitoring the Group's financial performance against approved budgets and forecasts;

The departmental heads are required annually to undertake a full assessment process to identify and quantify the risks that face their businesses and functions, and assess the adequacy of the prevention, monitoring and modification practices in place for those risks. In addition, regular reports about significant risks and associated control and monitoring procedures are made to the Executive Committee. They are responsible for reviewing the risk assessment for completeness and accuracy. The consolidated results of these reviews are reported to the Board to enable the directors to review the effectiveness of the system of internal control. The process adopted by the Group accords with the guidance contained in the document "Internal Control Guidance for Directors on the Combined Code" issued by the ICAEW.

The Audit Committee receives reports from the external auditors on a regular basis and from Executive Directors of the Group. During the period, the Audit Committee has reviewed the effectiveness of the system of internal control as described above. The Board receives periodic reports from all committees.

There are no significant issues disclosed in the report and financial statements for the year ended 31 March 2013 and up to the date of approval of the report and financial statements that have required the Board to deal with any related material internal control issues.

Relations with Shareholders

The Company values its dialogue with both institutional and private investors. Effective two-way communication with fund managers, institutional investors and analysts is actively pursued and this encompasses issues such as performance, policy and strategy. During the period the directors had meetings with institutional investors whose combined shareholdings represented over 60% of the total issued share capital of the Company.

Private investors are encouraged to participate in the Annual General Meeting at which the Chairman presents a review of the results and comments on current business activity. The Chairmen of the Audit and Remuneration Committees will be available at the Annual General Meeting to answer any shareholder questions.

The Annual General Meeting will be held on 25 July 2013. The notice of the Annual General Meeting may be found in the accompanying separate document.

Going Concern

Having taken the steps referred to on page 8, the directors confirm that they are satisfied that the Company and Group have adequate resources to continue in business for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Gary Millar
Chief Executive
25 June 2013

Non-Executive Directors

Ralph Kugler, aged 57 (Non-Executive Chairman)

Ralph has over 25 years' experience at the highest levels of global business.
He is chairman of AFG Media, the leading branded fancy dress manufacturer.
He is board advisor on the main board of Mars, Incorporated, and a non-executive director of Spotless Group Sas.
Ralph was chairman of Gorkana Ltd until April 2010, when he successfully led a merger with Discovery Group Holdings. Since the merger, he has been a non-executive director of the combined group – Gorkana Group Ltd.
Ralph was an executive director on the main boards of Unilever plc and Unilever nv until 2008.
Ralph is on the international advisory board of Leeds University Business School, and a board trustee of the David Rattray Memorial Trust.

Till Medinger, aged 72 (Non-executive Director)

Till was formerly Senior Vice President for Corporate Strategy at AstraZeneca Plc and prior to that had a long and distinguished career with Zeneca Plc and ICI Pharmaceuticals, directing business and marketing operations internationally and overseeing the launch of several global blockbuster products.

He is a past President of the Association of the British Pharmaceutical Industry and has many years international industry experience, serving on the Boards of both the European and the International Pharmaceutical Industry Federations. He has also served on the Board of the Chemical Industries Association. His business career has spanned R&D, territorial and marketing management, strategic planning, business operations, licensing and acquisitions/divestments, and public and government affairs. He has also acted as a corporate consultant to a number of high-tech companies within the US and the UK. He is Chairman of PhotoBiotics Limited and a Non-executive Director of Datapharm Communications Ltd and Helperby Therapeutics Group Limited. He has a Doctorate in Chemistry from Oxford University.

Nicholas Martel, aged 52 (Non-executive Director)

Nicholas Martel is a Chartered Engineer and spent 20 years in the Oil and Gas Construction sector before focusing on Investing, which includes nurturing fledgling businesses, quoted equities, bonds and option trading. He started his first fund 10 years ago and withdrew from the market just before the crash of 2008. His latest fund, Jervaulx Capital is based in the Isle of Man and specialises in Options. Recent companies that Nicholas has invested in or advised have been involved in Oil and Gas, Medical Diagnostics, Food and Technology. He is a consultant to Maunby Investment Management, in Harrogate, North Yorkshire.

Executive Directors

Gary Millar, aged 52 (Chief Executive)

Gary has a PhD in Biochemistry from Glasgow University. He started his career with ICI plc, where he held several senior managerial positions. In 1998 he joined the Foseco division of Burmah Castrol plc as Supply Chain Director and was subsequently appointed Operations Director of Foseco Jersey Ltd, a private equity backed MBO, which floated on the London Stock Exchange in 2005. Between 2005 and 2007, Gary was Managing Director of Foseco Steel UK Ltd. In 2007 he was appointed Group Services Director of Foseco plc, and was a member of Foseco plc's Executive Committee, where he played a key role in Foseco's merger with Cookson plc.

Duncan Grosvenor aged 35 (Finance Director)

Duncan qualified as Chartered Certified Accountant in 2001 and became F.C.C.A in 2006. He has an MBA from Oxford Brookes University and has worked as a business mentor for the Princes Trust since 2009. Duncan joined Byotrol as Head of Finance in 2011, prior to which he was Managing Director at New Horizons Global Limited, which is a biotechnology company developing novel fermentation processes in the field of microalgae. During his time at New Horizons, Duncan developed a wide international network within the food and biotechnology industry. Before joining New Horizons Duncan was Head of Finance for LM Engineering Services Limited, a specialist structural steel engineering business and also spent six years working at Mazars providing business advisory services to a wide range of Companies.

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare group and company financial statements for each financial year. The directors are required by the AIM Rules of the London Stock Exchange to prepare group financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and have elected under company law to prepare the company financial statements in accordance with IFRS as adopted by the EU.

The financial statements are required by law and IFRS adopted by the EU to present fairly the financial position of the group and the company and the financial performance of the group. The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group for that period.

In preparing the group and company financial statements, the directors are required to:

a. select suitable accounting policies and then apply them consistently;

b. make judgements and accounting estimates that are reasonable and prudent;

c. state whether they have been prepared in accordance with IFRSs adopted by the EU;

d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Byotrol plc website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BYOTROL PLC

We have audited the Group and Parent Company financial statements ("the financial statements") which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statement of Financial Position, the Consolidated and Parent Company Cash Flow Statements, the Consolidated and Parent Company Statements of Change in Equity, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors
As more fully explained in the Directors' Responsibilities Statement set out on page 20, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements
A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on the financial statements
In our opinion

- the financial statements give a true and fair view of the state of the group's and the parent's affairs as at 31 March 2013 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union
- the parent financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

GRAHAM BOND FCA (Senior Statutory Auditor)
For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor
Chartered Accountants
3 Hardman Street
Manchester
M3 3HF

	Notes	2013 £	2012 £
REVENUE	1	2,190,751	1,962,813
Cost of sales		(1,563,342)	(1,535,905)
GROSS PROFIT		627,409	426,908
Administrative expenses excluding depreciation and amortisation		(2,248,377)	(3,104,366)
Share based compensation		(73,983)	63,593
Share of joint venture profit / (loss) before tax		64,035	(20,488)
LOSS BEFORE INTEREST, DEPRECIATION, AMORTISATION AND TAX	2	(1,630,916)	(2,634,353)
Amortisation	9	(63,194)	(56,564)
Depreciation	8	(45,602)	(51,061)
Finance income	5	3,157	197
Finance costs	5	(1,605)	(15,143)
LOSS BEFORE TAX		(1,738,160)	(2,756,924)
Income tax	6	-	-
LOSS FOR THE FINANCIAL YEAR		(1,738,160)	(2,756,924)
OTHER COMPREHENSIVE INCOME, NET OF TAX			
Currency translation difference		4,717	(6,382)
Other comprehensive income/(expense)		4,717	(6,382)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY		(1,733,443)	(2,763,306)
Basic and fully diluted loss per share – pence	7	(1.21)	(2.23)

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

Company Registration No 05352525

	Notes	2013 £	2012 £
ASSETS			
Non-current assets			
Property, plant and equipment	8	77,565	126,744
Intangible assets	9	479,379	463,790
		556,944	590,534
Current assets			
Inventories	11	510,937	392,616
Trade and other receivables	12	1,238,843	1,611,329
Cash and cash equivalents	13	284,238	1,624,620
		2,034,018	3,628,565
TOTAL ASSETS		2,590,962	4,219,099
LIABILITIES			
Current liabilities			
Trade and other payables	14	941,950	841,579
Obligations under finance leases	15	-	5,013
Joint venture	10	261,857	325,892
		1,203,807	1,172,484
Equity			
Share capital	19	358,949	358,949
Share premium account		18,154,985	18,154,985
Merger reserve		1,064,712	1,064,712
Cumulative translation reserve		(1,665)	(6,382)
Retained deficit		(18,189,826)	(16,525,649)
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY		1,387,155	3,046,615
TOTAL EQUITY AND LIABILITIES		2,590,962	4,219,099

These financial statements were approved by the Board of Directors and authorised for issue on 25 June 2013 and are signed on their behalf by:

Gary Millar
Chief Executive

Company Registration No 05352525

	Notes	2013 £	2012 £
ASSETS			
Non-current assets			
Property, plant and equipment	8	-	-
Intangible assets	9	479,379	463,790
Financial assets investments	10	347,750	347,750
		827,129	811,540
Current assets			
Trade and other receivables	12	649,056	664,841
Cash and cash equivalents		51,587	1,243,945
		700,643	1,908,786
TOTAL ASSETS		1,527,772	2,720,326
LIABILITIES			
Current liabilities			
Trade and other payables	14	185,776	186,804
Joint venture	10	261,857	325,892
		447,633	512,696
Equity			
Share capital	19	358,949	358,949
Share premium account		18,154,985	18,154,985
Merger reserve		1,064,712	1,064,712
Retained deficit		(18,498,507)	(17,371,016)
TOTAL EQUITY		1,080,139	2,207,630
TOTAL EQUITY AND LIABILITIES		1,527,772	2,720,326

These financial statements were approved by the Board of Directors and authorised for issue on 25 June 2013 and are signed on their behalf by:

Gary Millar
Chief Executive

Group

	Share Capital £	Share Premium Account £	Merger Reserve £	Translation Reserve £	Retained Deficit £	Total £
At 1 April 2011	276,957	15,959,603	1,064,712	-	(13,705,132)	3,596,140
Issue of shares	81,992	2,377,755	-	-	-	2,459,747
Placing costs		(182,373)	-	-	-	(182,373)
Loss for the year	-	-	-	-	(2,756,924)	(2,756,924)
Other comprehensive income, net of tax:-						
Currency translation difference	-	-	-	(6,382)	-	(6,382)
Total comprehensive loss for the year	-	-	-	(6,382)	(2,756,924)	(2,763,306)
Share based compensation	-	-	-	-	(63,593)	(63,593)
At 31 March 2012	358,949	18,154,985	1,064,712	(6,382)	(16,525,649)	3,046,615
Loss for the year	-	-	-	-	(1,738,160)	(1,738,160)
Other comprehensive income, net of tax:-						
Currency translation difference	-	-	-	4,717	-	4,717
Total comprehensive loss for the year	-	-	-	4,717	(1,738,160)	(1,733,443)
Share based compensation	-	-	-	-	73,983	73,983
At 31 March 2013	358,949	18,154,985	1,064,712	(1,665)	(18,189,826)	1,387,155

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Parent Company

	Share Capital	Share Premium Account	Merger Reserve	Retained Deficit	Total
	£	£	£	£	£
At 1 April 2011	276,957	15,959,603	1,064,712	(15,208,155)	2,093,117
Issue of shares	81,992	2,377,755	-	-	2,459,747
Placing costs	-	(182,373)	-	-	(182,373)
Loss for the year	-	-	-	(2,099,268)	(2,099,268)
Total comprehensive loss for the year	-	-	-	(2,099,268)	(2,099,268)
Share based compensation	-	-	-	(63,593)	(63,593)
At 31 March 2012	358,949	18,154,985	1,064,712	(17,371,016)	2,207,630
Loss for the year	-	-	-	(1,201,474)	(1,201,474)
Total comprehensive loss for the year	-	-	-	(1,201,474)	(1,201,474)
Share based compensation	-	-	-	73,983	73,983
At 31 March 2013	358,949	18,154,985	1,064,712	(18,498,507)	1,080,139

	2013 £	2012 £
CASH FLOW FROM OPERATING ACTIVITIES		
Loss for the year before tax	(1,738,160)	(2,756,924)
Adjustments for:		
Share based payments	73,983	(63,593)
Depreciation	45,602	51,061
Amortisation	63,194	56,564
Loss on disposal of property, plant and equipment	18,129	4,409
Finance income	(3,157)	(197)
Finance costs	1,605	15,143
Exchange gain or loss	4,867	(6,417)
Share of (profit)/loss from joint ventures	(64,035)	20,488
Decrease/(increase) in joint venture account	231,483	(73,810)
Changes in working capital		
(Increase)/decrease in inventories	(118,321)	172,749
Decrease in trade and other receivables	141,003	479,298
Increase in trade and other payables	100,371	320,372
CASH USED IN OPERATING ACTIVITIES	(1,243,436)	(1,780,857)
Income taxes credit received	-	-
NET CASH USED IN OPERATING ACTIVITIES	(1,243,436)	(1,780,857)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments to acquire property, plant and equipment	(28,294)	(32,872)
Proceeds from sale of property, plant and equipment	8,579	-
Payments to acquire intangible assets	(78,783)	(94,899)
Finance income	3,157	197
NET CASH USED IN INVESTING ACTIVITIES	(95,341)	(127,574)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds on issue of ordinary shares	-	2,459,747
Share issue costs	-	(182,373)
Capital element of finance lease rental payments	-	(3,177)
Interest paid	(1,605)	(15,143)
NET CASH (OUTFLOW)/INFLOW FROM FINANCING	(1,605)	2,259,054
Net (decrease)/increase in cash and cash equivalents	(1,340,382)	350,623
Cash & cash equivalents at the beginning of the financial year	1,624,620	1,273,997
Effect of foreign exchange rate changes	-	-
Cash & cash equivalents at the end of the financial year	284,238	1,624,620

	2013 £	2012 £
CASH FLOW FROM OPERATING ACTIVITIES		
Loss for the year before tax	(1,201,474)	(2,099,628)
Adjustments for:		
Share based payments	73,983	(63,593)
Amortisation	63,194	56,564
Finance income	(143,080)	-
Finance cost	-	13,266
Share of (profit) / loss from joint ventures	(64,035)	20,488
Increase in joint venture loan	76,167	(22,438)
Exchange gain or loss	-	360
Changes in working capital		
Decrease in trade and other receivables	(60,382)	12,528
Decrease in trade and other payables	(1,028)	(23,312)
CASH USED IN OPERATING ACTIVITIES	(1,256,655)	(2,105,765)
Income taxes credit received	-	-
NET CASH USED IN OPERATING ACTIVITIES	(1,256,655)	(2,105,765)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments to acquire intangible assets	(78,783)	(94,899)
Interest received	143,080	-
NET CASH GENERATED BY/(USED IN) INVESTING ACTIVITIES	64,297	(94,899)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds on issue of ordinary shares	-	2,459,747
Share issue costs	-	(182,373)
Interest paid	-	(13,266)
NET CASH INFLOW FROM FINANCING	-	2,264,108
Net (decrease)/increasein cash and cash equivalents	(1,192,358)	63,444
Cash & cash equivalents at the beginning of the financial year	1,243,945	1,180,501
Effect of foreign exchange rate changes		-
Cash & cash equivalents at the end of the financial year	51,587	1,243,945

BASIS OF PREPARATION

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), and International Finance Reporting Interpretation Committee ("IFRIC") interpretations, as adopted by the European Union (EU).

The financial statements have been prepared in accordance with IFRS and IFRIC interpretations issued and effective as at the time of preparing these statements.

Byotrol plc is incorporated and domiciled in the United Kingdom.

The financial statements have been prepared on the historical cost basis, except for the charge of share based compensation, which are stated at fair value at the grant date. The principal accounting policies adopted are set out below.

BASIS OF CONSOLIDATION

The consolidated financial statements of the group incorporate the financial statements of the Company and its subsidiaries. Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that currently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. Jointly controlled entities are accounted for using the equity method (equity accounted investees) and are initially recognised at cost. The Group's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The consolidated financial statements include the Group's share of the income and expenses and equity movements of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

The Company Statement of Comprehensive Income has not been disclosed in accordance with Section 408 Companies Act 2006. The loss for the year of the parent company amounted to £1,201,474 (2012: £2,099,268).

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the financial information in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are both readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and judgements that have a significant effect on the amounts recognised in the financial statements are detailed below.

Going concern

Byotrol plc has prepared 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 from the sales opportunities highlighted in the Chairman and Chief Executive's Statements. The Directors have prepared projected cash flow information for the period ending 12 months from the date of approval of these financial statements. Sensitivity analysis has been performed to take into account the variation in the timing and quantum of the new business opportunities. These significantly affect the Group's cash requirements and are therefore continually monitored by the Board. On the basis of these sensitised projections, the Directors raised funds of £0.4m net of expenses, through a placing with existing shareholders and this has been taken into account in the projections.

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.

Impairment of assets

In line with the policy stated on impairment, the directors have considered the carrying value of assets. They have determined that there is reasonable evidence to suggest certain trade receivables will not be recovered in full and have therefore reflected an impairment in the value of trade receivables in the group financial statements. They have also determined that, due to the trading losses incurred by the subsidiaries of the parent company, it is reasonable to reflect an impairment in the value of loans made to its subsidiaries by the parent company. This impairment has been reflected in the financial statements of the parent company. All other assets are considered to be unimpaired.

Share based payment charge

The fair value of options granted under the scheme is measured by use of the Black-Scholes model, selected by the Directors as the most appropriate model for this purpose. Expected volatility was based upon the historical volatility over the expected life of the schemes. The expected life is based upon historical data and has been adjusted based on management's best estimates for the effects of non-transferability, exercise restrictions and behavioural considerations. The risk free rate approximation was taken as the UK Government 10 year bond yield. Vesting conditions relating to staff retention were based on historical average turnover levels for the appropriate staff levels. Vesting conditions relating to EPS performance targets were made based upon the best estimates of the Directors.

INTERPRETATIONS OF STANDARDS

Amendments to published standards effective for the period ended 31 March 2013

The following new standards, amendments to standards or interpretations became effective for the first time. The adoption of these interpretations, standards or amendments to standards were either not relevant for the company or have not led to any significant impact on the Group's and Company's financial statements.

Standard		Issued	Effective date: Periods Commencing on or after	EU Endorsement status
IAS 12	Income Taxes – Amendment; Deferred Tax: Recovery of underlying assets	20 Dec 10	01 Jan 12	11 Dec 12

Interpretations to existing standards and new standards that are not yet effective and have not been adopted early by the Group and Company

At the date of the authorisation of the financial information, the following standards and interpretations, which have not been applied in the financial information, were in issue but not yet effective:

Standard		Issued	Effective date: Periods Commencing on or after	EU Endorsement Status
IAS 1	Presentation of Financial Statements – Amendment; Presentation of items in other comprehensive income	16 Jun 11	01 Jul 12	05 Jun 12
IAS 19	Employer Benefits - Amendments	16 Jun 11	01 Jan 13	05 Jun 12
IFRS 1	First Time Adoption of IFRS – Amendments; Government loans	13 Mar 12	01 Jan 13	04 Mar 13
IFRS 7	Financial Instruments – Disclosure – Amendment; Offsetting financial assets and financial liabilities	16 Dec 11	01 Jan 13	13 Dec 12
IFRS13	Fair Value Measurement	12 May 11	01 Jan 13	11 Dec 12
IAS 32	Financial Instruments – Presentation – Amendment; Offsetting financial assets and financial liabilities	16 Dec 11	01 Jan 14	13 Dec 12
IAS 27	Separate Financial Statements (amended 2011)	12 May 11	01 Jan 13	11 Dec 12
IAS 28	Investments in Associates and Joint Ventures (amended 2011)	12 May 11	01 Jan 13	11 Dec 12
IFRS 10	Consolidated Financial Statements	12 May 11	01 Jan 13	11 Dec 12
IFRS 11	Joint Arrangements	12 May 11	01 Jan 13	11 Dec 12
IFRS 12	Disclosure of Interests in Other Entities	12 May 11	01 Jan 13	11 Dec12

IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	19 Oct 11	01 Jan 13	11 Dec 12
IFRS 10	Consolidated Financial Statements – Amendment; Transitional Guidance	28 Jun 12	01 Jan 13	Q1 2013
IFRS 11	Joint Arrangements – Amendment; Transitional Guidance	28 Jun 12	01 Jan 13	Q1 2013
IFRS 12	Disclosure of Interests in Other Entities – Amendment; Transitional Guidance	28 Jun 12	01 Jan 13	Q1 2013
IAS 27	Separate Financial Statements – Amendment; Investment entities	31 Oct 12	01 Jan 14	Q3 2013
IFRS 10	Consolidated Financial Statements – Amendment; Investment entities	31 Oct 12	01 Jan 14	Q3 2013
IFRS 12	Disclosure of Interests in Other Entities – Amendment; Investment entities	31 Oct 12	01 Jan 14	Q3 2013
IFRS 9	Financial Instruments	12 Nov 09 including amendment 16 Dec 11	01 Jan 15	Postponed

The Directors anticipate that the adoption of these standards and interpretations in future periods will have no material impact on the financial statements for the Group and Company.

REVENUE

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for products provided and license fees and royalties earned in the normal course of business, net of discounts and other sales related taxes.

Sales of goods are recognised when goods are delivered and the significant risks and rewards have passed, subject to any reservation of title in the event of non-payment.

Revenue from licensing agreements is recognised on an accruals basis based upon the period under contract.

Non refundable licence fees are recognised in the period when they are due.

OPERATING SEGMENTS

Byotrol plc manufactures products based on microbial technology in the United Kingdom ("UK") and also generates revenues from licensing agreements. Its customers are based in the UK, North America and the Rest of the World. Financial information is reported to the board on a product sales and licence fee basis with revenue and operating profits split by geographical location. Segment revenue comprises of sales to external customers and excludes gains arising on the disposal of assets and finance income. Segment profit reported to the board represents the profit earned by each segment before the allocation of central overheads, directors' salaries, restructuring costs, the group's share of profits and losses from joint ventures, finance costs and tax. For the purposes of assessing segment performance and for determining the allocation of resources between segments, the board reviews the non-current assets attributable to each segment as well as the financial resources available. All assets are allocated to reportable segments other than investments in joint ventures, interest and tax. Assets that are used jointly by segments are allocated to the individual segments on a basis of revenues earned. All liabilities are allocated to individual segments other than for tax. Information is reported to the board of directors on a product sale and licence fee basis as management believe that each product offering and licensing of its products exposes the Group to differing levels of risk and rewards due to their intrinsic nature. The segment profit or loss, segment assets and segment liabilities are measured on the same basis as amounts recognised in the financial statements, as set out in the accounting policies.

INTANGIBLE ASSETS

Research and development
Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from the Group's business development is recognised only if all of the following conditions are met:

- an asset is created that can be identified (such as software and new processes);
- it is probable that the asset created will generate future economic benefits;
- the development cost of the asset can be measured reliably;
- the product or process is technically and commercially feasible; and
- sufficient resources are available to complete the development and to either sell or use the asset.

Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred. The Group has not capitalised any development expenditure during the year.

Patents and trademarks
Purchased licenses and patents are measured at cost, net of any amortisation and any provision for impairment. Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Intellectual property - patents	over 10 years on a straight line basis
Licenses	over 10 years on a straight line basis

Software
Software is capitalised when purchased and amortised over 3 years on a straight line basis.

Other intangibles
Other intangibles are capitalised, if appropriate and in accordance with accounting standards. They are amortised over their useful economic life which will vary according to the nature of the intangible.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. Cost comprises purchase price and other directly attributable costs. Depreciation is charged so as to write off the cost or valuation of assets to their residual values over their estimated useful lives, using the straight-line method, on the following bases:

Leasehold improvements	33.3%	on straight line
Office equipment, plant and equipment	20%	on straight line
Computer equipment	33.3%	on straight line
Motor vehicles	25%	on reducing balance

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the consolidated statement of comprehensive income.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

IMPAIRMENT

At each reporting date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss if any. Where the asset does not generate cash flows that are independent from other assets, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have been adjusted.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

INVESTMENTS

Investments consist of the Group's subsidiary undertakings and its investment in the joint venture. The joint venture is currently carried as a liability because of its accumulated losses. Investments are initially recorded at cost, being the fair value of the consideration given and including directly attributable charges associated with the investment. Subsequently they are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

INVENTORY

Inventory is stated at the lower of cost and net realisable value. Cost comprises direct material cost, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs to completion and selling costs to be incurred. Provision is made where necessary for obsolete, slow moving inventory where it is deemed that the costs incurred may not be recoverable.

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised on the consolidated statement of financial position when the Group has become a party to the contractual provisions of the instrument.

Trade and other receivables
Trade receivables, classified as loans and receivables, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

Cash and cash equivalents
Cash and cash equivalents comprise cash at bank and in hand and are classified accordingly in the financial statements.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above.

Trade and other payables
Trade payables, classified as 'other liabilities' are initially recognised at fair value and subsequently at amortised cost using the effective interest method.

Equity instruments
Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

LEASING

The Group as lessee
Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Group at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is recognised as a finance lease obligation. Lease payments are apportioned between finance charges and the reduction of lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised.

Rentals payable under operating leases are expensed on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight line basis over the lease term.

GOVERNMENT GRANTS

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions. Government grants towards research and development costs are recognised over the periods necessary to match them with the related costs and are deducted in reporting the related expense. Government grants relating to property, plant and equipment are treated as deferred income and released to profit or loss over the expected useful lives of the assets concerned.

TAXATION

Current tax is the expected corporation tax payable or receivable in respect of the taxable profit/loss for the financial year using tax rates enacted or substantively enacted at the reporting date, less any adjustments to tax payable or receivable in respect of previous periods.

Deferred tax is recognised in respect of all temporary differences between the carrying amounts of assets and liabilities included in the financial statements and the amounts used for tax purposes that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

No provision is made relating to the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than those acquired as part of a business combination.

Provision is made for deferred tax that would arise on all taxable temporary differences associated with investments in subsidiaries and interests in joint ventures, except where the Group can control the reversal of the temporary differences.

Deferred tax assets are recognised only to the extent that the directors consider that it is probable that there will be suitable taxable profits from which the future reversal of the underlying temporary differences and unused tax losses and credits can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which the asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the reporting date.

FOREIGN CURRENCIES

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the consolidated statement of comprehensive income. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at foreign exchange rates ruling at the date the fair value was determined.

On consolidation, the assets and liabilities of the Group's overseas operations are translated at exchange rates prevailing on the reporting date into sterling. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised as income or as expenses in the period in which the operation is disposed of.

Exchange differences arising on monetary items that form part of the company's net investment in its foreign operations are recognised in the profit or loss in the reporting entity. However in the consolidated financial statements which include the foreign operations, such exchange differences are recognised in equity.

The presentational and functional currency is Sterling.

DEFINED CONTRIBUTION PLANS

Obligations for contributions to defined contribution retirement benefit plans are charged as an expense as they fall due.

SHARE-BASED PAYMENTS

The Group has applied the requirements of IFRS 2 share-based payment.

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of equity-settled share-based payments, which incorporates the market condition, is expensed on a straight line basis over the vesting period, based on the Group's estimate of share options that will eventually vest, or warrants that will be exercised, and a corresponding amount credited to retained earnings.

Share based payments associated with share options granted to employees of subsidiaries of the parent company are treated as an expense of the subsidiary company to be settled by equity of the parent company. The share based payment expense increases the value of the parent company's investment in the subsidiaries and is credited to retained earnings.

Fair value is measured by use of the Black-Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effect of non-transferability, exercise restrictions and behavioural considerations.

The proceeds received on exercise of share options and warrants are credited to share capital (for the nominal value) and share premium account (for the excess over nominal value).

Cancelled options are accounted for as an acceleration of vesting. The unrecognised grant date fair value is recognised in the consolidated statement of comprehensive income in the year that the options are cancelled.

Certain employee bonuses can be paid in shares rather than cash or a combination thereof. An estimate of the liability under such schemes is made at each period end and an appropriate charge is made to the statement of comprehensive income.

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.

	Continuing operations			
Business segments	Product sales	Licence fees	Royalties	Total
Year ended 31 March 2013	£	£	£	£
REVENUE				
External revenue	2,160,142	30,609	-	2,190,751
Total revenue	2,160,142	30,609	-	2,190,751
RESULT				
Segment result	(1,770,321)	30,609	-	(1,739,712)
Investment income	3,157	-	-	3,157
Finance costs	(1,605)	-	-	(1,605)
Loss before tax	(1,768,769)	30,609	-	(1,738,160)
OTHER INFORMATION				
Capital additions	107,077	-	-	107,077
Depreciation and amortisation	108,796	-	-	108,796
ASSETS				
Segment assets	2,590,962	-	-	2,590,962
Total assets	2,590,962	-	-	2,590,962
LIABILITIES				
Segment liabilities	1,203,807	-	-	1,203,807
Net assets	1,387,155	-	-	1,387,155

1 SEGMENTAL INFORMATION (continued)

Business segments **Year ended 31 March 2012**	*Continuing operations* Product sales £	Licence fees £	Royalties £	Total £
REVENUE				
External revenue	1,958,270	4,543	-	1,962,813
Total revenue	1,958,270	4,543	-	1,962,813
RESULT				
Segment result	(2,746,521)	4,543	-	(2,741,978)
Investment income	197	-	-	197
Finance costs	(15,143)	-	-	(15,143)
Loss before tax	(2,761,467)	4,543	-	(2,756,924)
OTHER INFORMATION				
Capital additions	127,771	-	-	127,771
Depreciation and amortisation	107,625	-	-	107,625
ASSETS				
Segment assets	4,219,099	-	-	4,219,099
Total assets	4,219,099	-	-	4,219,099
LIABILITIES				
Segment liabilities	1,172,484	-	-	1,172,484
Net assets	3,046,615	-	-	3,046,615

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 2013	£	£	£	£
External revenue	1,732,370	152,843	305,538	2,190,751
Segment assets	2,473,464	117,498	-	2,590,962

	United Kingdom	North America	Rest of the World	Total
Year ended 31 March 2012	£	£	£	£
External revenue	1,428,663	186,944	347,206	1,962,813
Segment assets	3,968,371	250,728	-	4,219,099

The group generated total revenues, which comprise both in 2013 and 2012 UK product sales from its largest customer, of £360,323 (2012: £459,182).

2 LOSS FROM OPERATIONS

Loss from operations is stated after charging / (crediting):

	2013	2012
	£	£
Share of joint venture administrative expenses	361,796	309,530
Amortisation	63,194	56,564
Depreciation of property, plant and equipment	45,602	51,061
Loss on sale of fixed assets property, plant and equipment	18,129	4,409
Auditor's remuneration		
- as auditor	23,800	23,500
- other services	28,725	45,184
Research & development costs	489,324	601,324
Government grant income	(123,744)	(106,425)
Operating lease costs – office rent	43,505	21,998
Impairment of trade receivables	68,000	157,594
Foreign exchange differences	4,867	(6,417)

Amounts payable to Baker Tilly UK Audit LLP and their associates in respect of both audit and non-audit services:

	2013	2012
	£	£
Audit Services		
- Statutory audit of parent and consolidated financial statements	23,800	23,500
Other Services		
Audit of subsidiaries where such services are provided by Baker Tilly UK Audit LLP and their associates	10,175	9,975
Review of interim results	9,950	12,500
Other services	2,000	18,209
Corporate tax compliance services	6,600	4,500
	52,525	68,684

3 PARTICULARS OF EMPLOYEES

The average number of staff employed by the Group, including executive directors, during the financial period amounted to:

	2013	2012
	No	No
Executive directors	2	3
Research and development	8	9
Administration	12	18
	22	30

3 PARTICULARS OF EMPLOYEES (continued)

The aggregate payroll costs, including directors' emoluments, of the above were:

	2013	2012
	£	£
Wages and salaries	1,097,885	1,414,165
Social security costs	119,572	164,293
Other pension costs	51,196	51,931
	1,268,653	1,630,389

4 DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

	2013	2012
	£	£
Emoluments receivable	314,680	387,004
Pension contributions	23,116	30,500
Total emoluments	337,796	417,504

The emoluments of the highest paid director were:

	2013	2012
	£	£
Emoluments receivable	141,177	141,193
Pension contributions	12,000	12,000
	153,177	153,193

Number of directors accruing benefits under money purchase scheme

	2013	2012
	Number	Number
	2	3

5 FINANCE INCOME/(COST)

	2013	2012
	£	£
Bank interest receivable	3,157	197
Bank loans and overdrafts – interest payable	(1,605)	(14,748)
Finance lease interest	-	(395)
	1,552	(14,946)

6 INCOME TAX

	2013	2012
	£	£
Current tax:		
Corporation tax at 24% (2012: 26%)	-	-
Share of joint venture corporation tax	-	-
Research and development tax credits received	-	-
Adjustment in respect of prior periods	-	-
Total current tax	-	-
Deferred tax:		
Tax losses	-	-
Origination and reversal of temporary differences	-	-
	-	-
	-	-

There is no tax charge as the Group has made losses in both the current and the previous year. At 31 March 2013 the Group had an unrecognised deferred tax asset relating to unutilised trading losses and other temporary differences of £3,562,257 (2012: £3,407,190).

The charge for the year can be reconciled to the loss per the Consolidated Statement of Comprehensive Income as follows:

	2013	2012
	£	£
Loss for the year	(1,738,160)	(2,756,924)
Income tax credit	-	-
Loss on ordinary activities before tax	(1,738,160)	(2,756,924)
Tax at the UK corporation tax rate of 24% (2012: 26%)	(417,158)	(716,800)
Expenses not deductible for tax purposes	-	11,299
Depreciation in excess of capital allowances		(457)
Unrelieved tax losses	417,158	705,958
Total tax	-	-

7 LOSS PER SHARE

	2013	2012
	£	£
Loss on ordinary activities after taxation	(1,738,160)	(2,756,924)
Weighted average number of shares (No)		
For basic and fully diluted loss per ordinary share	143,579,676	123,776,268
Loss per ordinary share – basic and fully diluted	(1.21)p	(2.23)p

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.

8 PROPERTY, PLANT & EQUIPMENT

Group – 2013	Leasehold Improvements £	Computer equipment £	Plant & machinery £	Total £
Cost				
At 1 April 2012	22,647	63,039	225,329	311,015
Additions	-	1,672	26,622	28,294
Disposals	-	-	(74,340)	(74,340)
At 31 March 2013	22,647	64,711	177,611	264,969
Depreciation				
At 1 April 2012	22,647	43,205	118,419	184,271
Charge for the year	-	10,338	35,264	45,602
On disposals	-	-	(42,469)	(42,469)
At 31 March 2013	22,647	53,543	111,214	187,404
Net book value				
At 31 March 2013	-	11,168	66,397	77,565

Group – 2012	Leasehold Improvements £	Computer equipment £	Plant & machinery £	Total £
Cost				
At 1 April 2011	22,647	47,690	227,914	298,251
Additions	-	15,349	17,523	32,872
Disposals	-	-	(20,108)	(20,108)
At 31 March 2012	22,647	63,039	225,329	311,015
Depreciation				
At 1 April 2011	22,647	32,365	93,932	148,944
Charge for the year	-	10,840	40,221	51,061
On disposals	-	-	(15,734)	(15,734)
At 31 March 2012	22,647	43,205	118,419	184,271
Net book value				
At 31 March 2012	-	19,834	106,910	126,744

Included within the carrying value of plant and machinery are assets with a net book value of £Nil (2012: £7,474) leased by the group under finance leases. Depreciation charged on these assets amounted to £Nil (2012: £2,491).

8 PROPERTY, PLANT & EQUIPMENT (continued)

Company	2013 Plant & machinery £	2012 Plant & machinery £
Cost		
At 1 April and 31 March	5,996	5,996
Depreciation		
At 1 April	5,996	5,996
Charge for the year	-	-
At 31 March	5,996	5,996
Net book value		
At 31 March	-	-

9 INTANGIBLE ASSETS

Group – 2013	Software intangibles £	Patents and licenses £	Total £
Cost			
At 1 April 2012	42,946	594,009	636,955
Additions	-	78,783	78,783
At 31 March 2013	42,946	672,792	715,738
Amortisation			
At 1 April 2012	42,946	130,219	173,165
Charge for the year	-	63,194	63,194
At 31 March 2013	42,946	193,413	236,359
Net book value			
At 31 March 2013	-	479,379	479,379

9 INTANGIBLE ASSETS (continued)

Group – 2012	Software intangibles £	Patents and licenses £	Total £
Cost			
At 1 April 2011	42,946	499,110	542,056
Additions	-	94,899	94,899
At 31 March 2012	42,946	594,009	636,955
Amortisation			
At 1 April 2011	42,946	73,655	116,601
Charge for the year	-	56,564	56,564
At 31 March 2012	42,946	130,219	173,165
Net book value			
At 31 March 2012	-	463,790	463,790

Company	2013 Patents and licenses £	2012 Patents and licenses £
Cost		
At 1 April	594,009	499,110
Additions	78,783	94,899
At 31 March	672,792	594,009
Amortisation		
At 1 April	130,219	73,655
Charge for the year	63,194	56,564
At 31 March	193,413	130,219
Net book value		
At 31 March	479,379	463,790

Amortisation is recognised separately in the Consolidated Statement of Comprehensive Income. The intangible assets relate to the acquisition of Byofresh and to the development of patents.

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10 FINANCIAL ASSET INVESTMENTS

GROUP
JOINT VENTURE

	2013 £	2012 £
Investment in joint venture	23,814	23,814
Share of joint venture losses	(616,915)	(680,950)
Share of long term funding	331,211	331,211
	(261,857)	(325,892)

The Company owns 50% of the issued share capital of the joint venture, Byotrol Consumer Products Limited which was formed on 30 July 2007. The company's investment in Byotrol Consumer Products Limited comprises the legal costs incurred in the setting up of the joint venture. This company's principal place of business is The Glassworks 3-4 Ashland Place London W1U 4AH. Its principal activity is to market and sell consumer products. This company is jointly managed by its 4 directors, 2 from Byotrol plc and 2 from its other investor, What If Innovation Capital Nominees Limited. During the period the group recharged salary and other administrative costs amounting to £162,767 (2012: £186,063). For further details see note 18.

The following amounts are included in the Group's financial statements:

	2013 £	2012 £
Share of income	428,760	309,554
Share of current assets	160,340	274,441
Share of current liabilities	(452,466)	(754,793)
Share of long term liabilities	(324,739)	(200,548)

COMPANY	Shares in subsidiary undertakings £	Investment in joint venture £
At 1 April 2012	347,750	(325,892)
Movement in share of joint venture losses	-	64,035
At 31 March 2013	347,750	(261,857)

10 FINANCIAL ASSET INVESTMENTS (continued)

Details of subsidiaries included in the consolidated financial statements are as follows:

	Country of incorporation	Holding	Proportion of voting rights and shares held	Nature of business	Capital and reserves at 31 March 2013 £	Profit / (loss) for the year ended 31 March 2013 £
Byotrol Technology Limited	England	Ordinary share capital	100%	Anti-microbial products	(£6,989,851)	(£818,553)
Byotrol Inc	United States	Ordinary share capital	100%	Anti-microbial products	(£3,190,338)	(£326,248)
Byotrol Trading Tunisia SARL	Tunisia	Ordinary Share Capital	99%	Anti-microbial products	-	-

During the year the company took over 99% of the share capital of a non trading Tunisian Company, Byotrol Trading Tunisia for nil consideration.

11 INVENTORIES

	Group 2013 £	Group 2012 £	Company 2013 £	Company 2012 £
Raw materials and consumables	105,972	124,394	-	-
Finished goods and goods for resale	404,965	268,222	-	-
	510,937	392,616	-	-

Included above are finished goods for resale of £Nil (2012: £62,324) carried at net realisable value.

Inventories expensed in the Consolidated Statement of Comprehensive Income are shown as Cost of Sales.

Inventories with a carrying value of £Nil (2012: £167,821) were written down to £Nil (2012: £nil).

No earlier write downs were reversed during the current or preceding period.

12 TRADE AND OTHER RECEIVABLES

	Group 2013 £	Group 2012 £	Company 2013 £	Company 2012 £
Trade receivables	499,753	805,970	-	-
Amounts owed by joint venture	428,998	660,481	532,942	609,109
Tax repayable	112,656	-	65,557	-
Other receivables	67,840	79,714	3,756	7,308
Prepayments and accrued income	129,596	65,164	46,801	48,424
	1,238,843	1,611,329	649,056	664,841

The directors consider that the carrying amount of trade and other receivables approximates their fair value. The Group had 85 days of revenue outstanding in trade receivables as at 31 March 2013 (2012: 124 days). Included within trade receivables is £129,998 (2012 £101,801) denominated in US dollars.

The Group's maximum exposure to credit risk equates to the carrying value of cash held on deposit and trade and other receivables.

The Group's credit risk is primarily attributable to trade receivables. The amounts presented in the consolidated statement of financial position are net of allowances of £14,163 (2012: £183,563) for doubtful receivables. This allowance has been based on the knowledge of the financial circumstances of individual receivables at the reporting date. The Group has some concentration of credit risk, with some exposure to larger customers. The majority of the exposure is spread over a number of counterparties and customers.

	Group		Company	
	2013 £	2012 £	2013 £	2012 £
Impairment brought forward	183,563	154,575	-	-
Amounts written off	(237,400)	(128,606)	-	-
Impairment charge	68,000	157,594	-	-
Impairment carried forward	14,163	183,563	-	-

The age profile of the net trade receivables for the Group at the year end was as follows:

		Debt age – "days overdue"					
2013	Current	0-30 Days	31-60 Days	61-90 days	91-120 days	Over 120 days	Total
Trade receivables Value (£)	258,631	83,588	62,831	8,604	42,962	43,137	499,753
%	52	17	12	2	8	9	100

12 TRADE AND OTHER RECEIVABLES (continued)

2012	Current	Debt age – "days overdue" 0-30 Days	31-60 Days	61-90 days	91-120 days	Over 120 Days	Total
Trade receivables Value (£)	277,517	164,351	48,784	133,518	40,897	140,903	805,970
%	34	20	6	18	5	17	100

As at 31 March 2013 there was £108,866 worth of trade receivables overdue but not impaired.

13 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash held by the Group. The carrying amount of the asset approximates the fair value.

Cash is held with government supported UK based banks £283,196 and a limited amount £1,042 with one US bank.

14 TRADE AND OTHER PAYABLES

	Group 2013	Group 2012	Company 2013	Company 2012
Current:	£	£	£	£
Trade payables	577,324	430,389	72,348	65,784
Invoice discounting facility	133,337	-	-	-
Other payables	17,793	108,413	3,820	100
Other taxes	95,199	138,260	33,097	45,597
Accruals and deferred income	118,297	164,517	76,511	75,323
	941,950	841,579	185,776	186,804

The carrying amount of trade and other payables approximates to their fair values.

Included in trade payables is £11,358 (2012: £53,263) denominated in US dollars.

Byotrol Technology Limited, a 100% subsidiary, entered into an invoice discounting during the year. The invoice discounting facility is secured by a fixed charge debenture on the assets of the Byotrol Technology Limited. Byotrol plc has provided a cross guarantee to Byotrol Technology Limited to support the invoice discounting facility.

14 TRADE AND OTHER PAYABLES (continued)

Foreign currency risk

The Group operates in a number of markets across the world and is exposed to foreign exchange risk arising from various currency exposures in particular, with respect to the US dollar. The Group is exposed to foreign currency risk arising from recognised assets and liabilities as well as commitments arising from future trading transactions. Although the countries that the Group trades with have relatively stable economies, management has set up a policy which requires Group companies to manage their foreign exchange risk against their functional currency by closely monitoring spot rate to balance inflows and outflows.

Fair values of financial liabilities and financial assets

The fair values based upon the market value or discounted cash flows of financial liabilities and financial assets, held in the Group was not materially different from their book values.

15 OBLIGATIONS UNDER FINANCE LEASES

	Group 2013 £	Group 2012 £	Company 2013 £	Company 2012 £
Amounts payable under finance leases:				
Within one year	-	3,640	-	-
In second to fifth years inclusive	-	2,124	-	-
	-	5,764	-	
Less future finance charges	-	(751)	-	-
	-	5,013	-	-

It is the Groups policy to lease certain of its plant and machinery under finance leases. For the year ended 31 March 2013 there were no finance lease agreements in place.

16 COMMITMENTS UNDER OPERATING LEASES

The minimum lease payments under non- cancellable operating lease rentals are in aggregate as follows:

	Group 2013 £	Group 2012 £	Company 2013 £	Company 2012 £
Amounts due:				
Within one year	43,505	43,505	43,505	43,505
In second to fifth years inclusive	87,010	130,515	87,010	130,515
In the fifth year and beyond	-	-	-	-
	130,515	174,020	130,515	174,020

Operating lease payments represent rentals payable by the group for its office property. The lease is negotiated for a term of five years and rentals are fixed for this period.

17 SHARE BASED PAYMENTS

The Company has granted equity settled share options to selected employees. The exercise price is the market value of the shares at the date of grant. The vesting period is two years. If the options remain unexercised after a period of ten years from the date of grant the options expire.

Details of the share options and warrants outstanding during the year are as follows:

	2013 Number of share options and warrants	2013 Weighted average exercise price (in p)	2012 Number of share options and warrants	2012 Weighted average exercise price (in p)
Outstanding at beginning of year	6,954,000	16.80	7,234,000	17.10
Share options granted during the year	4,590,000	6.75	200,000	10.50
Share options lapsed during the year	(1,360,000)	11.19	(480,000)	19.20
Outstanding at the end of the year	10,184,000	13.01	6,954,000	16.80

The number of options exercisable at 31 March 2013 is 2,091,600 (2012: 2,179,600).

The Group recognised the following expenses related to share based payments:

	2013 £	2012 £
Charged / (Credited) to Consolidated Statement of Comprehensive Income	73,983	(63,593)

The fair value of options granted under the employee option schemes is measured using the Black-Scholes model. The inputs to the model are as follows:

	New Grants
Grant date	6 July 2012
Share price at grant date	6.75p
Exercise price	6.75p
Number of employees	18
Share options granted	4,590,000
Vesting period (years)	1-3
Expected volatility	70%
Option life (years)	10
Expected life (years)	5
Risk free rate	1.68
Expected dividends expressed as a dividend yield	0
Fair value per option	4.0p

17 SHARE BASED PAYMENTS (continued)

The options outstanding at 31 March 2013 had a weighted average exercise price of 13.01p and a weighted average remaining contractual life of 7.4 years.

The aggregate of the estimated fair values of the options granted in the year is £183,600.

At 31 March 2013 there were options outstanding over 10,184,000 (2012: 6,954,000) ordinary shares of 0.25p each which are exercisable at prices in the range from 6.75p to 79.5p under the company's various share option schemes exercisable at various times until 5 July 2022.

Expected volatility was based upon the historical volatility over the expected life of the schemes. The expected life is based upon historical data and has been adjusted based on management's best estimates for the effects of non-transferability, exercise restrictions and behavioural considerations.

18 RELATED PARTY TRANSACTIONS

Directors
Fees for Directors' services are set out in the Directors' Remuneration Report and in Note 4 to the financial statements. The only other related party to the directors is H Marcel Guest Limited. Details of that relationship are below. The directors are of the opinion that the terms and conditions of the transactions with Stephen Falder and his related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to any other entity on an arm's length basis.

The Group has a trading relationship with HMG Paints Limited, a wholly owned subsidiary of H Marcel Guest Limited a company of which Stephen Falder is a director and shareholder. HMG Paints ceased to be a related party on 19 July 2012 when Stephen Falder resigned as a director of the Group. HMG Paints Limited provides, on an arm's length basis, services in the UK. The Group purchased £nil of product (2012: £nil) and £51,247 of services (2012: £214,457) from HMG Paints during the period in which it was a related party.

Key management personnel
The Board is of the opinion that the key management personnel are the Executive Directors. In addition to their salaries the Group also provides certain non cash benefits to the Executive Directors. The total compensation comprised:

	2013	2012
	£	£
Short term benefits	314,680	348,346
Long term benefits	23,116	30,500
Share based payments	15,420	37,000
Total	353,216	415,846

Subsidiaries
During the year the Company has provided short term funding to its two subsidiaries on a commercial basis The funding provided in the year to Byotrol Technology Limited was £328,551 (2012: £929,406) on which no interest was charged, and to Byotrol Inc £78,501 (2012: £146,766) on which interest of £140,019 was charged (2012: £134,979). The balances due from Byotrol Technology Limited and Byotrol Inc at 31 March 2011 were impaired in view of uncertainty over the timing or repayment of the balances, leaving £nil included in the Company's statement of financial position (2012: £nil) in respect of both companies.

18 RELATED PARTY TRANSACTIONS (continued)

Directors
Joint venture
During the year the company charged Byotrol Consumer Products Limited with certain costs. This amounted to £162,767 (2012: £186,063). At 31 March 2013 the amounts owed by the joint venture were £721,531 (2012: £999,493).

19 SHARE CAPITAL

	No	£
Issued and fully paid:		
At 1 April 2012 and at 31 March 2013	143,579,676	358,949

Capital management
The Group's main objective when managing capital is to protect returns to shareholders by ensuring the Group will continue to trade in the foreseeable future. The Group also aims to maximise its capital structure of debt and equity so as to minimise its cost of capital.

The Group considers its capital to include share capital, share premium, merger reserve and the retained deficit. The Group has no external debt.

Share capital represents the nominal value of ordinary shares issued and fully paid.

Share premium represents the excess of funds raised from the placings of equity shares over the nominal value of the shares after deducting directly attributable placing costs.

The merger reserve was established in respect of previous acquisitions, which qualify for Section 131 merger relief.

Retained deficit represent accumulated losses to date.

The Group has no long-term gearing ratio target as it believes that it currently has no assets on which to secure funding.

20 ULTIMATE CONTROLLING PARTY

The Company is listed on AIM. It has no single ultimate controlling party.

21 POST BALANCE SHEET EVENTS

In the period since the balance sheet date, Byotrol Plc, has conditionally raised £483,874 before expenses, by the placing for cash of 6,048,425 new ordinary shares of 0.25 pence each at 8 pence per Placing Share.

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